



## **ATCO Gas**

### **2023 Cost-of-Service Compliance Filing and 2023 Rates**

**December 15, 2022**

**Alberta Utilities Commission**

Decision 27684-D01-2022

ATCO Gas

2023 Cost-of-Service Compliance Filing and 2023 Rates

Proceeding 27684

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Eau Claire Tower  
1400, 600 Third Avenue S.W.  
Calgary, Alberta T2P 0G5

Telephone: 310-4AUC (310-4282 in Alberta)  
1-833-511-4AUC (1-833-511-4282 outside Alberta)

Email: [info@auc.ab.ca](mailto:info@auc.ab.ca)

Website: [www.auc.ab.ca](http://www.auc.ab.ca)

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**Contents**

**1 Decision summary..... 1**

**2 Introduction and background ..... 1**

**3 Compliance with Decision 26616-D01-2022 ..... 3**

**3.1 CIS Replacement Program..... 4**

**4 2023 rate adjustments..... 6**

**4.1 2021 actual costs..... 7**

**4.2 Y factor deferral accounts..... 7**

**4.2.1 ECM..... 8**

**4.3 Forecast billing determinants..... 10**

**5 2023 distribution rates..... 11**

**6 Other matters ..... 12**

**6.1 Terms and conditions of service and non-discretionary charges ..... 12**

**6.2 ATCO Gas’s compliance with other directions ..... 14**

**7 Order..... 14**

**Appendix 1 – Proceeding participants ..... 16**

**Appendix 2 – Commission directions applicable to the present proceeding from  
Decision 26616-D01-2022..... 17**

**Appendix 3 – Summary of Commission directions..... 21**

**Appendix 4 – ATCO Gas North 2023 distribution rates..... 22**

**Appendix 5 – ATCO Gas South 2023 distribution rates ..... 23**

**Appendix 6 – Schedule of non-discretionary charges..... 24**

**Appendix 7 – Producer Terms and Conditions..... 25**

**List of tables**

**Table 1. ATCO Gas 2023 revenue requirement ..... 3**

**Table 2. Applied-for 2023 Y factor amounts..... 7**

**Table 3. Bill impacts of ATCO Gas’s proposed 2023 distribution rates (total bill basis). 11**

**Table 4. Bill impacts of ATCO Gas’s proposed 2023 distribution rates including Rider T  
(total bill basis) ..... 12**

## **1 Decision summary**

1. In this decision, the Alberta Utilities Commission considers whether ATCO Gas has complied with all applicable Commission directions made in Decision 26616-D01-2022<sup>1</sup> and reviews ATCO Gas's resulting 2023 distribution rates. For the reasons that follow, the Commission has determined that:

- ATCO Gas has complied with all applicable directions from Decision 26616-D01-2022 and therefore, the Commission approves the resulting 2023 forecast revenue requirement.
- ATCO Gas's 2023 distribution rates, set out in [Appendix 4](#) (ATCO Gas North) and [Appendix 5](#) (ATCO Gas South) to this decision, are approved on an interim basis, effective January 1, 2023. These rates will remain interim pending finalization of all outstanding placeholders (such as 2022 actual closing rate base).
- ATCO Gas's 2023 schedule of non-discretionary charges, as set out in [Appendix 6](#), is approved effective January 1, 2023.
- ATCO Gas's updated Producer Terms and Conditions, as set out in [Appendix 7](#), is approved effective January 1, 2023.
- ATCO Gas's request to finalize its 2021 interim performance-based regulation (PBR) rates based on the calculation of its 2021 going-in revenue and K-bar amounts, is approved.

## **2 Introduction and background**

2. Since 2013, rates for the electric and natural gas distribution utilities under the Commission's jurisdiction have been set under PBR.<sup>2</sup> PBR plans applied to the four large electric distribution facility owners (DFOs): ATCO Electric Ltd., FortisAlberta Inc., ENMAX Power Corporation, and EPCOR Distribution & Transmission Inc.; and the two large natural gas DFOs: ATCO Gas and Pipelines Ltd., and Apex Utilities Inc.

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<sup>1</sup> Decision 26616-D01-2022: ATCO Gas, Apex Utilities Inc., 2023 Cost-of-Service Review, Proceeding 26616, September 1, 2022.

<sup>2</sup> Until 2015, ENMAX Power Corporation was regulated under a different form of PBR, a 2007-2013 formula-based ratemaking plan followed by cost-of-service rebasing in 2014.

3. Under the PBR plans that ran from 2013 to 2017 (PBR1<sup>3</sup>) and 2018 to 2022 (PBR2<sup>4</sup>), each utility's rates (or revenue-per-customer in the case of gas DFOs) were adjusted annually by means of an indexing mechanism that tracked the rate of inflation (I factor), less an offset to reflect the productivity improvements each DFO was expected to achieve during the PBR plan period (X factor), plus other specific adjustments. These other adjustments included the ability to flow-through certain costs that should be recovered from, or refunded to, customers directly (Y factors), and an adjustment to account for the effect of exogenous and material events for which the distribution utility has no other reasonable cost recovery or refund mechanism within the PBR plan (Z factor). As well, K and K-bar factor adjustments served to provide supplemental capital funding. As a result, with the exception of these specifically approved adjustments, during a PBR term, a utility's revenues were no longer linked to its costs. This decoupling of costs and revenues was intended to promote behaviours that increase productivity and decrease costs.

4. At the end of the PBR2 plan, each DFO's costs and revenues were realigned through a "rebasings" process<sup>5</sup> that involved a one-year cost-of-service (COS) review based on 2023 forecast costs. Under the COS regulatory framework, a regulator first determines the total amount of money required by a utility to provide its regulated services in a year. This is referred to as the revenue requirement, and it is made up of the total annual operation and maintenance (O&M) and administrative expenses of the company plus the utility's capital-related costs (depreciation, interest on debt, and return on equity (ROE)). Rates are then established by dividing the revenue requirement for each customer class by the billing units (such as the monthly charge, or dollars per kilowatt hour).

5. For ATCO Gas and Apex, the 2023 rebasing was approved in Decision 26616-D01-2022. In addition to reviewing the 2023 forecast revenue requirement, that decision also included consideration of the efficiencies achieved by the DFOs and the sharing of those efficiency gains with customers, as well as an assessment of the prudence of actual costs incurred to-date by the DFOs during the PBR2 term.

6. In Decision 26616-D01-2022, the Commission also determined that the 2023 rates established as a result of the 2023 COS review will be used as "going-in rates" for the next PBR term, referred to as PBR3, which will commence on January 1, 2024.

7. In Decision 26616-D01-2022, the Commission directed several changes to the applied-for revenue requirement by both ATCO Gas and Apex. In the present application, ATCO Gas has filed information to support its compliance to those Commission directions.

8. In addition to responding to the Commission's directions, the utilities were also required to include, in their respective compliance filings, the calculation of 2023 rates based on the

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<sup>3</sup> Decision 2012-237: Rate Regulation Initiative Distribution Performance-Based Regulation, Proceeding 566, September 12, 2012.

<sup>4</sup> Decision 20414-D01-2016 (Errata): 2018-2022 Performance-Based Regulation Plans for Alberta Electric and Gas Distribution Utilities, Proceeding 20414, February 6, 2017.

<sup>5</sup> As explained in Decision 20414-D01-2016 (Errata), paragraph 26, depending on the context, the word "rebasings" can be used as a noun (the process of rebasing); an adjective (the rebasing process); or as a verb (the process involves rebasing costs and revenues).

approved revenue requirement. Each utility was directed to include the following information that typically accompanies the calculation of rates in compliance filings:

- 2023 billing determinant forecast reflective of the last approved Phase 2 methodologies and most recent data.
- 2023 distribution tariff based on the approved revenue requirement and the associated bill impact analysis.
- Terms and conditions of service for 2023 for approval.
- True-up of the prior approved deferral accounts such as the amounts included in the Y factor.
- Currently approved deferral accounts and rate riders, which shall continue to be applied in 2023. The differences between forecast and actual costs for amounts in these accounts will be trued up in future annual PBR rate adjustment filings.
- Any other items required to support the proposed 2023 distribution tariff.

9. The Commission has reviewed the entire record in coming to this decision; lack of reference to a matter addressed in evidence or argument does not mean that it was not considered.

### 3 Compliance with Decision 26616-D01-2022

10. In Decision 26616-D01-2022, the Commission ordered ATCO Gas to revise its applied-for 2023 revenue requirement to reflect the Commission’s findings and directions in that decision. The Commission’s directions applicable to the present proceeding are set out in [Appendix 2](#) to this decision.

11. As shown in Table 1 below, ATCO Gas filed an updated forecast revenue requirement for 2023 of \$647.3 million, reflective of the directions in Decision 26616-D01-2022, compared to the originally applied-for revenue requirement of \$656.7 million in Proceeding 26616.<sup>6</sup> During the course of the proceeding, ATCO Gas updated this revenue requirement to \$632 million to reflect the delay in the implementation of the Customer Information System (CIS) Replacement Program (discussed in Section 3.1 below). ATCO Gas also submitted Excel schedules to support its revised 2023 revenue requirement, reflective of compliance with the directions in Decision 26616-D01-2022.<sup>7</sup>

**Table 1. ATCO Gas 2023 revenue requirement**

	Proceeding 26616 Forecast	Compliance filing	Updated compliance filing
	(\$ 000)		
Total revenue requirement	\$656,741	\$647,332	\$631,955

Source: Exhibit 27684-X0044, Appendix A.

<sup>6</sup> Exhibit 27684-X0001, application, paragraph 6, Table 1.

<sup>7</sup> Exhibit 27684-X0045, Updated Appendix B, ATCO Gas Commission Template.

12. With the exception of the CIS Replacement Program, no party raised any issues with regard to ATCO Gas's compliance with the directions in Decision 26616-D01-2022. The CIS Replacement Program is discussed in further detail in Section 3.1 below. For all other directions, the Commission has reviewed ATCO Gas's schedules filed to support its revised 2023 revenue requirement and is satisfied that the 2023 revenue requirement complies with the directions in Decision 26616-D01-2022.

### 3.1 CIS Replacement Program

13. In Proceeding 26616, ATCO Gas stated that it is undertaking a replacement of its CIS, which is an in-house developed, custom-built application that currently supports customer care and billing functions, as well as meter management capabilities. In this application, ATCO Gas filed an update on the timing of its CIS Replacement Program, stating that several contributing factors have led to schedule delays. ATCO Gas stated that these delays were a result of several factors, including the requirement for rigorous testing across all levels, the amount of time to execute data conversion and reconciliation of legacy records, and the COVID-19 pandemic impacting resource availability. As a result, it estimated that the targeted go-live date for the Meter-to-Cash (M2C) project, which supports the tariff billing, would now be in December 2022. Given the risk of this potentially falling into 2023, ATCO Gas requested approval to shift its forecast 2022 capital additions for the M2C project of \$93.4 million from 2022 to 2023 and to update its 2023 revenue requirement at a later date should the go-live date slip further and fall into 2023.<sup>8</sup>

14. Subsequently, ATCO Gas confirmed that its M2C project will not achieve its targeted December 2022 in-service date and will not go live in 2022.<sup>9</sup> It thus updated its 2023 revenue requirement for the impact of this change of in-service date from 2022 to 2023, stating that the impact is a further reduction to the 2023 revenue requirement of \$15.4 million.<sup>10</sup>

15. The City of Calgary raised several issues with the shift of the in-service date of the CIS Replacement Program. These issues included:

- The actual spend of \$97.4 million, compared to the total forecast project cost of \$110 million, is incongruent with ATCO Gas's indication that \$93.5 million of CIS costs may need to be shifted. Calgary stated that if \$97.4 million of those costs have already been booked as of September 2022, then only \$12.6 million of costs remain to be incurred in 2023.<sup>11</sup>
- The shift in forecast costs may result in ATCO Gas seeking to avoid having to carry actual CIS project costs incurred to the end of 2022 into 2024 opening rate base.
- The shift of CIS costs should not prevent any subsequent testing by parties of the final CIS projects to be included in rate base to establish 2024 going-in rates.<sup>12</sup> Any future proceeding to test the actual CIS costs should include assessment of the functionality and operability of the CIS. Calgary stated that the only reasonable explanation to account for

<sup>8</sup> Exhibit 27684-X0001, application, paragraphs 34-40.

<sup>9</sup> Exhibit 27684-X0036, ATCO Gas Letter re CIS Replacement Program Update, November 14, 2022.

<sup>10</sup> Exhibit 27684-X0043, ATCO Gas' Updated Schedules – Cover letter.

<sup>11</sup> Exhibit 27684-X0038, Calgary argument, paragraphs 15-17.

<sup>12</sup> Exhibit 27684-X0038, Calgary argument, paragraphs 18-20.

the significant time delays in project implementation is that the CIS is rife with defects, whether in design or otherwise.<sup>13</sup>

- Any costs that were incurred under the IBM/Kyndryl contract should be reduced by the same amounts as ordered for information technology (IT) managed services in Decision 26616-D01-2022.<sup>14</sup>

16. In response, ATCO Gas explained that the CIS Replacement Program consists of three projects, two of which are complete and went live in 2021, and thus were included as an addition to rate base in 2021. ATCO Gas stated that the actual spend of \$97.4 million as of September 2022 consists of \$80.2 million for the M2C project, which is included in construction work in progress until it goes live in 2023, at which time the addition would be included in rate base, which is in line with its submission that \$93.5 million of costs would need to be shifted into 2023.<sup>15</sup> ATCO Gas also noted that there are a number of factors that have contributed to the delayed testing and resolution of defects, none of which include the avoidance of having to carry actual CIS costs into 2024. ATCO Gas stated that Calgary has confused the opening 2024 rate base used for setting going-in rates for 2024, submitting that the Commission determined that the forecast 2023 closing rate base will be used to fix going-in rates for 2024. As a result, forecast M2C project costs, not actual costs, would be included in going-in rates.<sup>16</sup>

17. With respect to Calgary's suggestion that the delay is the result of CIS defects, ATCO Gas responded that a once-in-generation IT system replacement of custom-developed billing systems can present unforeseen complexities, and that the utility has appropriately requested a shift to 2023 in-service date, to ensure the system is functional and operational.<sup>17</sup> ATCO Gas also confirmed that its 2023 forecast costs used the Commission's prescribed rates resulting from the IT Common Matters Decision for any work performed by Wipro for master services agreement (MSA) services, and that for actual costs charged to the projects for MSA services, the prescribed rates resulting from either Decision 20514-D02-2019,<sup>18</sup> respecting Wipro, or Decision 26616-D01-2022, respecting IBM/Kyndryl, have and will continue to be applied.<sup>19</sup>

18. The Commission considers that a delay in implementation does not necessarily suggest that the CIS Program is rife with defects. The Commission notes that the very nature of the testing stage of such replacement programs is designed to find and address defects. The Commission is not persuaded by Calgary's arguments that the delay in the in-service date for the program was strategically motivated to, for instance, avoid the prudence review of 2022 costs or to not reflect the full amount of capital additions for this program in the 2024 opening rate base. Rather, the Commission is persuaded that the delay is the result of testing and implementation issues that are not atypical for such a large, once-in-generation IT system replacement. However, the Commission acknowledges that delay may have unintended effects, as further discussed below.

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<sup>13</sup> Exhibit 27684-X0038, Calgary argument, paragraphs 21-26.

<sup>14</sup> Exhibit 27684-X0038, Calgary argument, paragraph 29.

<sup>15</sup> Exhibit 27684-X0042, ATCO Gas reply argument, paragraphs 3-4.

<sup>16</sup> Exhibit 27684-X0042, ATCO Gas reply argument, paragraphs 6-8.

<sup>17</sup> Exhibit 27684-X0042, ATCO Gas reply argument, paragraphs 10-13.

<sup>18</sup> Decision 20514-D02-2019: The ATCO Utilities (ATCO Gas and Pipelines Ltd. and ATCO Electric Ltd.), Information Technology Common Matters Proceeding, Proceeding 20514, June 5, 2019.

<sup>19</sup> Exhibit 27684-X0042, ATCO Gas reply argument, paragraph 14.

19. The Commission agrees that shifting capital additions for the CIS program to 2023 may have the effect of removing some of the costs of this program from a possible prudence review before setting the PBR3 going-in rates. This is because the Commission indicated in Decision 26616-D01-2022 that it may undertake a review of the prudence of 2022 actual capital additions and adjust the 2023 opening rate base accordingly; however, the 2023 closing rate base will be based on the approved 2023 forecast capital additions, with no true-up to actuals in setting the going-in rates.<sup>20</sup>

20. The Commission notes that it reviewed ATCO Gas's forecast for this program and approved it in Decision 26616-D01-2022. ATCO Gas confirmed that it is not seeking a change to its forecast costs as a result of the delayed implementation of the project and that the \$15.4 million reduction to the 2023 forecast revenue requirement resulted primarily from the application of the mid-year convention. The Commission is satisfied that ATCO Gas's actual spend for the CIS Replacement Program as of September 30, 2022, of approximately \$97.4 million,<sup>21</sup> tracks reasonably closely to the information filed in Proceeding 26616 that underlied Commission approval. For these reasons, and consistent with its findings in Decision 26616-D01-2022, the Commission confirms that the going-in rates for PBR3 will be set based on approved 2023 forecast costs.

21. The Commission also acknowledges that, due to the application of the mid-year convention, the 2023 forecast rate base on which going-in rates for the PBR3 plan are based will reflect only half of the CIS Replacement Program capital additions shifted to 2023. This may or may not have an effect on the amount of incremental capital funding that ATCO Gas receives depending on the specifics of any approved capital funding mechanism. However, this issue would equally apply to any other large capital addition incurred in 2023. This, and other capital-related issues, will be considered in Proceeding 27388 to set the parameters of the PBR3 plans as part of the capital funding provision considerations.

22. The Commission does not accept Calgary's recommendation to record the CIS costs spent in 2022 as capital additions to actual 2022 rate base as a remedy to the issues it raised. As ATCO Gas explained, consistent with widely accepted accounting standards, the costs for the M2C project would be included in construction work in progress until it goes live in 2023, at which time these costs would be added to rate base.

23. For the reasons set out above, the Commission finds ATCO Gas's updated 2023 forecast revenue requirement, which reflects the shift of capital additions for the CIS Program to 2023, to be reasonable.

#### **4 2023 rate adjustments**

24. As noted above, the purpose of this proceeding was for the Commission to consider both ATCO Gas's compliance with Decision 26616-D01-2022, and to determine ATCO Gas's rates for 2023, based on the revenue requirement resulting from the approvals in that decision. As such, the Commission has reviewed the rate adjustment aspect of ATCO Gas's application in much the same way as it has done in past annual PBR rate adjustment filings.

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<sup>20</sup> Decision 26616-D01-2022, paragraphs 55 and 241.

<sup>21</sup> Exhibit 27684-X0033, AG-CAL-2022OCT31-001(g).

#### 4.1 2021 actual costs

25. In Decision 26616-D01-2022, the Commission stated it was prepared to accept the 2021 non-audited actual costs as prudently incurred unless otherwise noted in that decision. The Commission also indicated that its finding would be subject to the review of each utility's explanations for any variances between the non-audited 2021 actual expenditures filed in that proceeding in April 2022 and the audited costs reported in the 2021 Rule 005<sup>22</sup> filings. ATCO Gas was directed to file these explanations as part of this compliance filing.<sup>23</sup>

26. ATCO Gas explained that Rule 005 O&M costs were \$487,000 higher than preliminary actuals, and the Rule 005 capital additions were \$2,000 lower than preliminary actuals. ATCO Gas explained that these variances were due to a cost coding correction and rounding, respectively.<sup>24</sup>

27. The Commission finds ATCO Gas's explanations to be reasonable and confirms its finding in Decision 26616-D01-2022 that ATCO Gas's 2021 costs were prudently incurred.

#### 4.2 Y factor deferral accounts

28. Under PBR, Y factors include costs that do not qualify for capital treatment or Z factor treatment that the Commission considers should be directly recovered from or refunded to customers. ATCO Gas applied for the inclusion of Y factor amounts in its 2023 rates as these cost items continue to be subject to the previously established deferral account treatment in the 2023 COS year.

29. A summary of the proposed Y factor amounts is shown in Table 2 with each line item briefly explained below:

**Table 2. Applied-for 2023 Y factor amounts<sup>25</sup>**

	North	South	Total
	(\$ 000)		
2023 Deferral account placeholders	3,215	3,215	6,430
Deferral account true-ups as of July 31, 2022	58	638	697
Other proceeding true-ups	(1,870)	(1,580)	(3,450)
Efficiency Carryover Mechanism (ECM) [Note 1]	3,846	3,326	7,171
Carrying charges [Note 2]	(71)	(43)	(114)
<b>Total</b>	<b>5,178</b>	<b>5,556</b>	<b>10,734</b>

Note 1: In Section 4.2.1 of this decision, the Commission directs ATCO Gas to revise the applied-for ECM amount at the time of the true-up.

Note 2: As revised in response to Exhibit 27684-X0029, AG-AUC-2022OCT31-001(c).

30. Deferral account placeholders are ATCO Gas's 2023 forecasts for the following: AUC costs, intervener costs, Office of the Utilities Consumer Advocate (UCA) costs, and production abandonment costs. These placeholders will be trued up to actual incurred costs once they become available. Deferral account true-ups represent the true-up of AUC costs, intervener costs, UCA costs, production abandonment costs to actual costs as of July 31, 2022. Other proceeding

<sup>22</sup> Rule 005: *Annual Reporting Requirements of Financial and Operational Results*.

<sup>23</sup> Decision 26616-D01-2022, paragraph 239.

<sup>24</sup> Exhibit 27684-X0001, application, paragraphs 27-28.

<sup>25</sup> Exhibit 27684-X0046, Schedule 4.1.

true-ups include the 2021 K-bar true-up (on a final basis) and 2022 K-bar true-up (on an interim basis) to reflect the 2021 actual cost of debt.

31. The calculation of the ECM amounts is addressed in Section 4.2.1 of this decision.

32. With respect to the calculation of carrying charges, in response to a Commission information request (IR), ATCO Gas indicated it inadvertently used the Bank of Canada monthly bank rate instead of the Bank of Canada policy interest rate as stipulated in the updated Rule 023<sup>26</sup> that came into effect on March 1, 2022. ATCO Gas revised its carrying charges calculations to comply with Rule 023.<sup>27</sup>

33. With the exception of ECM amounts (addressed in Section 4.2.1 below), the Commission approves the inclusion of the applied-for Y factor amounts in 2023 rates as these amounts are treated under long-standing, approved deferral accounts for ATCO Gas. The Commission reviewed the calculations of forecast and true-up components of the 2023 Y factor and finds them to be accurate and consistent with previously approved methodologies.

#### 4.2.1 ECM

34. A utility's incentive to find efficiencies weakens as the end of the PBR term approaches because there is less time remaining for the utility to benefit from any efficiency gains. The Commission approved the inclusion of the efficiency carryover mechanism, or ECM, to address this weakening of incentives by permitting the utilities to carry a portion of earnings in excess of the approved ROE from the prior PBR term to the following years. The ECM was approved for both the PBR1 and PBR2 plans.

35. Specifically, the ECM ROE add-on is calculated as 50 per cent of the difference between the average allowed and average actual ROEs over the course of a PBR term, with an upper limit of 0.5 per cent. This ROE add-on applies for two years after the end of a PBR term and is collected by way of a Y factor.<sup>28</sup>

36. In Decision 20414-D01-2016 (Errata), the Commission pointed out that it is necessary to determine the rate base or rate bases to which the approved ROE add-on percentage will be applied in order to calculate the associated ECM dollar amount to be included in customer rates. In that decision, the Commission approved an ECM calculation based on the mid-year rate base during the final year of the PBR1 term. Consistent with the overall approach to the PBR2 rebasing, the Commission directed the final approved 2017 notional mid-year rate base as the value to which the approved ROE add-on percentage would be applied, with an escalation of the calculated ECM dollar amount by the approved I-X value for each of 2018 and 2019 to arrive at the ECM dollar amounts for each of those years. Finally, in that decision, the Commission stated that the same ECM calculation would also apply to determine the ECM dollar amounts for the PBR2 term.<sup>29</sup>

37. ATCO Gas showed that, based on its returns over the PBR2 term, it qualifies for the maximum allowed ECM ROE add-on of 0.5 per cent. ATCO Gas calculated the interim 2023

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<sup>26</sup> Rule 023: *Rules Respecting Payment of Interest*.

<sup>27</sup> Exhibit 27684-X0029, AG-AUC-2022OCT31-001(a).

<sup>28</sup> Decision 20414-D01-2016 (Errata), paragraphs 79 and 85.

<sup>29</sup> Decision 20414-D01-2016 (Errata), Appendix 5, PDF page 100.

ECM dollar amount of \$7.2 million (shown in Table 2 above) by applying the add-on of 0.5 per cent to the 2023 forecast rate base.

38. In support of this approach, ATCO Gas noted that as the 2017 notional mid-year rate base formed the basis of going-in rates for the PBR2 plan, ATCO Gas applied the ECM calculation to its 2023 forecast mid-year rate base that will form the basis of its going-in rates for the PBR3 plan. ATCO Gas asserted that this is consistent with the PBR1 and PBR2 terms and eliminates the need to escalate 2022 values into 2023 dollars.

39. In an IR, the Commission asked ATCO Gas to comment on the use of the 2022 mid-year rate base in the ECM calculation, as was done by Apex and EPCOR. ATCO Gas stated that using the 2022 mid-year rate base aligns with paragraph 83 of Decision 20414-D01-2016 (Errata) where the Commission indicated that the ECM should be calculated using the mid-year rate base during the final year of the PBR term. However, ATCO Gas also pointed out that doing so would depart from the use of the mid-year rate base used to form going-in rates as selected by the Commission in paragraph 84 of Decision 20414-D01-2016 (Errata). In addition, ATCO Gas observed that there is no I-X index for the 2023 COS year (to translate the ECM dollars into 2023 amounts), which it said is a further departure from the methodology approved in Decision 20414-D01-2016 (Errata).<sup>30</sup>

40. The interveners did not comment on this issue.

41. The Commission finds that the 2023 ECM dollar amount will be calculated based on the 2022 actual approved mid-year rate base. In Decision 20414-D01-2016 (Errata), the Commission based the ECM calculation on the mid-year rate base during the final year of the PBR term. In support of this approach, the Commission stated that because the ECM ROE add-on percentage is calculated based on a utility's earnings in the PBR term, it should not be applied to the actual rate base amounts outside of that term.<sup>31</sup> The Commission continues to find this approach to be reasonable and further notes that to the extent a utility's 2023 rate base is different from its 2022 rate base, basing the ECM calculation on the 2023 mid-year rate base may result in windfall gains or losses to the utility.

42. In Decision 20414-D01-2016 (Errata), the Commission explained that the choice of the 2017 notional mid-year rate base (rather than an actual 2017 rate base) was reflective of the overall rebasing approach for the PBR2 plan.<sup>32</sup> In the Commission's view, such choice was not meant to be inconsistent with the separate determination to base the ECM calculation on the mid-year rate base of the final year of the PBR term.

43. ATCO Gas pointed out that if an ECM dollar amount is calculated based on 2022 mid-year rate base, a true-up to reflect the 2022 actual rate base is required to fully align with the utility's actual experience in the PBR2 term. The Commission agrees given the determinations in Decision 26616-D01-2022 that the 2022 actual closing rate base will form the basis of the mid-year rate base used to establish going-in rates for the PBR3 term.<sup>33</sup> Also, a true-up may be required to reflect the actual 2022 ROE as it may affect the ECM ROE add-on percentage.

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<sup>30</sup> Exhibit 27684-X0029, AG-AUC-2022OCT31-002(a)-(b).

<sup>31</sup> Decision 20414-D01-2016 (Errata), paragraph 83.

<sup>32</sup> Decision 20414-D01-2016 (Errata), paragraph 84.

<sup>33</sup> Decision 26616-D01-2022, paragraph 55.

44. ATCO Gas also pointed out that an ECM dollar amount calculated using the 2022 mid-year rate base should be escalated for 2023 and 2024, consistent with the methodology approved in Decision 20414-D01-2016 (Errata). As noted earlier, ATCO Gas noted that there is no I-X index for an intervening 2023 COS year. As such, ATCO Gas proposed to use the approved 2023 COS inflation escalator to escalate the ECM amount to 2023. Similarly, it submitted that the approved inflation for 2024, which is yet to be determined, should be used to escalate the ECM amount to 2024 dollars. ATCO Gas argued that an X factor should not be applied to the inflation of the ECM amount as it was not incorporated in the COS rebasing method for PBR3.

45. The Commission finds that it is reasonable to escalate the ECM dollar amount calculated using the 2022 mid-year rate base using the 2023 COS inflation escalator approved in Decision 26616-D01-2022. Doing so is consistent with the Commission's approvals in that decision and the overall COS approach to rebasing. However, as the PBR3 plan starts on January 1, 2024, the Commission finds that the ECM dollar amount should be escalated for 2024 by the index approved in the PBR3 plan. This is consistent with the methodology in Decision 20414-D01-2016 (Errata).

46. Given the minimal difference between using mid-year 2022 and mid-year 2023 as the basis for calculating the 2023 ECM dollar amount,<sup>34</sup> and the interim nature of this amount (as explained above), there is no need to update the 2023 rates at this time. The Commission directs ATCO Gas to true up its 2023 ECM dollar amount, reflecting the methodology approved in this decision, upon the approval of the 2022 actual rate base.

### 4.3 Forecast billing determinants

47. Forecast billing determinants are used to allocate a DFO's revenue requirement to rate classes and to calculate the resulting rate adjustments, and are also used in calculating the annual use-per-customer adjustments for gas distribution utilities.

48. In its application, ATCO Gas filed detailed 2023 billing determinant forecasts.<sup>35</sup> ATCO Gas submitted that its forecast 2023 billing determinants were based on the same methodology approved in prior PBR annual rate adjustment applications.

49. In Decision 26847-D01-2021 (Corrigenda),<sup>36</sup> the Commission directed ATCO Gas to continue to provide information on any variances from forecast to actual billing determinants by rate class and to identify variances larger than five per cent on an annual basis.<sup>37</sup> In the application, ATCO Gas reconciled forecast and actual billing determinants from 2021. There were no variances larger than five per cent in ATCO Gas North. In ATCO Gas South, the number of Irrigation customers was 21.19 per cent higher than forecast due to a change in methodology as approved in the ATCO Gas 2020 Phase 2 Decision 25428-D01-2020,<sup>38</sup> which was not incorporated into the 2021 forecast. The irrigation throughput was 5.22 per cent higher than forecast primarily due to lower precipitation levels than forecast. Demand throughput was

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<sup>34</sup> In Exhibit 27684-X0031, AG-AUC-2022OCT31-002(d) Attachment 1, ATCO Gas showed that using the 2022 mid-year rate base would result in a 2023 ECM dollar amount of \$7.1 million.

<sup>35</sup> Exhibit 27684-X0004, Appendix C, schedules 5.0-5.3.

<sup>36</sup> Decision 26847-D01-2021 (Corrigenda): ATCO Gas and Pipelines Ltd., 2022 Annual Performance-Based Regulation Rate Adjustment, Proceeding 26847, January 20, 2022.

<sup>37</sup> Decision 26847-D01-2021 (Corrigenda), paragraph 32.

<sup>38</sup> Decision 25428-D01-2020: ATCO Gas and Pipelines Ltd., 2020 General Rate Application - Phase II, Proceeding 25428, December 21, 2020.

5.43 per cent lower than forecast primarily due to the lower billed demands as a result of the warmer temperatures in December 2020 and January 2021.<sup>39</sup>

50. No party objected to ATCO Gas's billing determinant forecast or its variance explanations.

51. The Commission considers ATCO Gas's explanation for the billing determinant variances from forecasts is reasonable. Such variances do not generally call into question the predictive value of the methodology used to generate the forecasts. The Commission directs ATCO Gas to continue to provide information on any variances from forecast to actual billing determinants by rate class and to identify the cause of variances larger than five per cent on an annual basis.

52. The Commission finds that ATCO Gas's methodology and the resulting 2023 forecast billing determinants are reasonable. Accordingly, the billing determinant forecast is approved, as filed.

## 5 2023 distribution rates

53. ATCO Gas determined the 2023 Low-Use, Mid-Use, High-Use, Ultra-High-Use and Irrigation rates based on the 2023 forecast revenue requirement and rate adjustments discussed in earlier sections of this decision, utilizing the rate design methodology approved by the Commission in Decision 26283-D01-2021<sup>40</sup> dealing with ATCO Gas's 2020 general rate application Phase 2 compliance.

54. ATCO Gas also stated that consistent with Decision 26283-D01-2021, the Unmetered Gas Light service fixed charge, Alternative Technology and Appliance (ATA) fixed and variable charges, and Producer fixed and demand charges are typically indexed by I-X under PBR. In the absence of an I-X mechanism, ATCO gas calculated the proposed rates for these rate groups by applying the overall percentage decrease in the revenue requirement for 2023 when compared to 2022. ATCO Gas reasoned that in this way, all customers would share in the benefits of rebasing.<sup>41</sup>

55. The Commission has reviewed ATCO Gas's schedules and the calculations that underpin its 2023 rates and is satisfied they are accurately calculated and reasonable.

56. ATCO Gas also provided bill impact schedules reflecting the 2023 proposed rates that will go into effect on January 1, 2023. ATCO Gas's estimated bill impacts for a typical customer are shown in the table below.

**Table 3. Bill impacts of ATCO Gas's proposed 2023 distribution rates (total bill basis)**

Customer	Annual per cent decrease		Annual \$ decrease	
	ATCO Gas North	ATCO Gas South	ATCO Gas North	ATCO Gas South
ATA	-3.1	-3.4	(19)	(20)
Low	-4.2	-4.1	(65)	(62)

<sup>39</sup> Exhibit 27684-X0015, Appendix G, 2021 PBR Forecast vs. Actual Billing Determinants.

<sup>40</sup> Decision 26283-D01-2021: ATCO Gas and Pipelines Ltd., 2020 General Rate Application – Phase II Compliance Filing, Proceeding 26283, March 19, 2021.

<sup>41</sup> Exhibit 27684-X0001, application, paragraph 79.

Customer	Annual per cent decrease		Annual \$ decrease	
	ATCO Gas North	ATCO Gas South	ATCO Gas North	ATCO Gas South
Mid	-1.8	-1.6	(491)	(433)
High	-0.9	-0.6	(1,394)	(870)
Ultra High	-0.5	-0.6	(11,175)	(13,333)
Irrigation	N/A	-2.7	N/A	(88)

Source: Exhibit 27684-X0046, Updated Appendix C, Schedule 7.0.

57. Subsequently, in Decision 27752-D01-2022,<sup>42</sup> the Commission approved ATCO Gas's 2023 Rider T, which recovers costs associated with transmission service to the distribution system. In that proceeding, ATCO Gas also provided bill impact schedules reflecting the 2023 proposed rates from this proceeding and including the 2023 Rider T that will go into effect on January 1, 2023. ATCO Gas's estimated bill impacts for a typical customer are shown in the table below.

**Table 4. Bill impacts of ATCO Gas's proposed 2023 distribution rates including Rider T (total bill basis)**

Customer	Annual per cent change		Annual \$ change	
	ATCO Gas North	ATCO Gas South	ATCO Gas North	ATCO Gas South
ATA	-1.3	-1.7	(8)	(10)
Low	-3.0	-3.0	(47)	(45)
Mid	-1.3	-1.1	(357)	(314)
High	0.4	0.7	564	(1,076)
Ultra High	0.0	-0.1	(884)	(2,532)
Irrigation	N/A	-2.7	N/A	(88)

Source: Decision 27752-D01-2022, Table 3.

\*Note: Rider T does not apply to Irrigation bill impacts. Source for Irrigation is Exhibit 27684-X0046, Updated Appendix C, Schedule 7.0.

58. The Commission accepts as reasonable the general principles and methodologies used by ATCO Gas for calculating its 2023 rates, which are consistent with previously approved practices and methodologies. The Commission also acknowledges the bill impacts that result, as shown in Table 3 and Table 4. For the reasons set out above, the Commission approves ATCO Gas's 2023 rates, effective January 1, 2023, on an interim basis. These rates will remain interim until all remaining placeholders (such as those reflecting the 2022 actual approved closing rate base and recalculated ECM amounts) have been determined by the Commission. These 2023 rates will be finalized following such approvals and any required true-up adjustments will be made in accordance with directions subsequently provided by the Commission.

## 6 Other matters

### 6.1 Terms and conditions of service and non-discretionary charges

59. In the application, ATCO Gas made two corrections to gas quality specifications in Section 7.3 of its Producer Terms and Conditions.<sup>43</sup> ATCO Gas clarified that both proposed changes are corrections from the original development of the Producer Terms and Conditions

<sup>42</sup> Decision 27752-D01-2022: ATCO Gas, a division of ATCO Gas and Pipelines Ltd., 2023 Transmission Service Charge (Rider T), Proceeding 27752, December 5, 2022.

<sup>43</sup> Exhibit 27684-X0001, application, paragraph 82.

that were brought to its attention through questions by connecting producers, and are consistent with other sections of the Producer Terms and Conditions and gas quality specifications.<sup>44</sup>

60. The Commission has reviewed the two corrections to gas quality specifications, and finds ATCO Gas's explanation to be reasonable. As a result, the corrections to the gas quality specifications in Section 7.3 of ATCO Gas's Producer Terms and Conditions are approved as filed.

61. ATCO Gas also adjusted its schedule of non-discretionary charges by the 2023 inflation escalator of 2.5 per cent approved in Decision 26616-D01-2022.<sup>45</sup>

62. The UCA argued that none of the efficiency gains achieved in the second term PBR have been included in the non-discretionary charges proposed for 2023. The UCA pointed out that in examining the 2023 rates proposed by ATCO Gas, the actual rates decline in 2023, and stated that if the costs per unit of billing determinant have decreased, then so should the prices for non-discretionary costs. Not doing so, the UCA argued, would result in customers continuing to pay increased costs for non-discretionary charges well into the third term of PBR. As a result, the UCA submitted that the Commission should direct ATCO Gas to update its non-discretionary charges to include an estimate of the efficiencies gained in the second PBR term.<sup>46</sup>

63. In response, ATCO Gas stated that there is no correlation between costs per unit of billing determinant and non-discretionary charges. It stated that non-discretionary charges are estimates of the cost to perform a task (including labour, materials, vehicle charges and administrative time), and this does not fluctuate on a costs per billing determinant basis as suggested by the UCA. ATCO Gas also stated that the application of the inflation escalator to non-discretionary charges is consistent with the Commission's approval to apply the inflation escalator to adjust historical average actual costs when determining the 2023 revenue requirement.<sup>47</sup>

64. The Commission accepts the principles and methodology used by ATCO Gas to calculate its non-discretionary charges. There does not appear to be a correlation between costs per unit of billing determinant and non-discretionary charges. Further, the methodology used by ATCO Gas is generally consistent with previous years, where non-discretionary charges were adjusted by inflation minus a productivity factor during the PBR years. While ATCO Gas did adjust the Unmetered Gas Light service fixed charge, ATA fixed and variable charges, and Producer fixed and demand charges by applying the overall percentage decrease in the revenue requirement for 2023 when compared to 2022 (as noted in Section 5 above), the Commission notes that there is a distinction between the underlying costs related to these charges and the underlying costs related to non-discretionary charges. The underlying costs related to the Unmetered Gas Light service fixed charge, ATA fixed and variable charges, and Producer fixed and demand charges form part of the utility's revenue requirement. In contrast, the non-discretionary charges are based on the cost to provide the applicable service. As such, and in the absence of a productivity factor for the 2023 COS year, the Commission finds it reasonable to apply the approved inflation escalator alone. ATCO Gas's non-discretionary charges are therefore approved as filed.

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<sup>44</sup> Exhibit 27684-X0029, AG-AUC-2022OCT31-004(a).

<sup>45</sup> Exhibit 27684-X0001, application, paragraph 83.

<sup>46</sup> Exhibit 27684-X0039, UCA argument, paragraphs 5-10.

<sup>47</sup> Exhibit 27684-X0042, ATCO Gas reply argument, paragraph 16.

## 6.2 ATCO Gas's compliance with other directions

65. In this section, the Commission addresses ATCO Gas's compliance with certain directions from Decision 25428-D01-2020 that are applicable to the 2023 rates and were not addressed in previous sections of this decision. No party challenged ATCO Gas's compliance with those directions.

66. At paragraphs 81 and 91 of Decision 25428-D01-2020, the Commission approved ATCO Gas's proposal to implement the ATA rate and the Producer Receipt Rate, respectively, on a pilot basis and directed ATCO Gas to provide a detailed analysis of the ATA rate and the Producer Receipt Rate, including but not limited to the uptake of customers in both rate groups and the costs of facilities to serve these customers. This analysis was to first be provide as part of ATCO Gas's annual PBR rates adjustment filing one year following the implementation of these two rates, and then in its next Phase 2 application.

67. ATCO Gas stated that the ATA rate was added in the billing system effective March 1, 2022, and ATCO Gas did not have a full opportunity to market the proposed rate to customers who fit the criteria approved by the Commission until March 1, 2022. As of September 27, 2022, ATCO Gas has four customers taking service on its ATA rate. The first customer took service on August 29, 2022. ATCO Gas stated that it will continue to market this rate to existing and potential customers.

68. ATCO Gas explained that it will have connected two Producer Receipt Rate customers by the end of 2022 with estimated project costs per customer of \$1.4 million, and that it continues to work with several additional potential customers on future connections. ATCO Gas expects that additional project cost information will become available to inform rate design in a future Phase 2 application.

69. The Commission is satisfied with the explanation provided by ATCO Gas regarding the implementation of both pilot rates, and directs ATCO Gas to provide the analysis directed at paragraphs 81 and 91 of Decision 25428-D01-2020 in its next Phase 2 application. Given the above, the Commission is satisfied that ATCO Gas has complied with the directions at paragraphs 81 and 91 of Decision 25428-D01-2020.

## 7 Order

70. It is hereby ordered that:

- (1) ATCO Gas's 2023 distribution rates, set out in appendixes 4 and 5 to this decision, are approved on an interim basis, effective January 1, 2023. These rates will remain interim pending finalization of all outstanding placeholders (such as 2022 actual closing rate base).
- (2) ATCO Gas's 2023 schedule of non-discretionary charges, as set out in Appendix 6, is approved on a final basis effective January 1, 2023.
- (3) ATCO Gas's updated Producer Terms and Conditions, as set out in Appendix 7, are approved on a final basis effective January 1, 2023.

- (4) ATCO Gas's request to finalize its 2021 interim performance-based regulation rates based on the calculation of its 2021 going-in revenue and K-bar amounts is approved.

Dated on December 15, 2022.

**Alberta Utilities Commission**

*(original signed by)*

Kristi Sebalj  
Vice-Chair

*(original signed by)*

Cairns Price  
Commission Member

**Appendix 1 – Proceeding participants**

<b>Name of organization (abbreviation)</b> <b>Company name of counsel or representative</b>
ATCO Gas Bennett Jones LLP
The City of Calgary (Calgary) McLennan Ross Barristers & Solicitors
Office of the Utilities Consumer Advocate (UCA) Russ Bell & Associates Inc.

Alberta Utilities Commission
Commission panel K. Sebalj, Vice-Chair C. Price, Commission Member
Commission staff S. Sharma E. Deryabina

## Appendix 2 – Commission directions applicable to the present proceeding from Decision 26616-D01-2022

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This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of Decision 26616-D01-2022, the wording in the main body of Decision 26616-D01-2022 shall prevail.

1. The Commission directs the following adjustments to the applied-for escalation factors:
  - (a) Both ATCO Gas and Apex are to use their actual labour cost increases for the period 2019-2020 in calculating their inflation escalators.
  - (b) Both ATCO Gas and Apex are to reduce their proposed customer growth escalator by 15 per cent..... paragraph 6
2. The Commission directs each of ATCO Gas and Apex to recalculate their respective 2023 forecasts under the mechanistic approach to reflect the escalation factors approved in this decision. .... paragraph 7
3. Having determined that using the 2018-2020 average of historical costs is an effective way to ensure that efficiencies are passed on to customers, the Commission also reviewed ATCO Gas’s and Apex’s use of escalators. As explained in Section 3, under a mechanistic approach, the 2023 costs are forecast by escalating the average of actual 2018-2020 costs by the utilities’ chosen escalation factors. The same escalated 2018-2020 average costs were also used by each of ATCO Gas and Apex to quantify their achieved efficiencies for costs forecast under a non-mechanistic approach and to justify the general reasonableness of those forecasts. Parties in this proceeding pointed out that, for this reason, the indexes used for escalating the 2018-2020 average play an important role in quantifying the achieved efficiencies and passing them on to customers. As further set out in Section 5.2 of this decision, the Commission agrees and directs certain changes to the proposed escalators. Overall, for costs forecast using a mechanistic approach, the Commission is satisfied that the use of the 2018-2020 average, escalated by indexes approved in Section 5.2, results in a 2023 forecast that is reasonably reflective of the efficiencies achieved during the PBR2 term..... paragraph 97
4. To avoid similar challenges in identifying the achieved efficiencies and calculating the realized savings at the next rebasing, the Commission directs ATCO Gas and Apex to present proposals in Proceeding 27388 where the parameters for PBR3 plans will be set, on how efficiencies can be effectively quantified and tracked over time. ATCO Gas provided examples of some possible forward-looking productivity and/or efficiency measures, including: (i) O&M per customer; (ii) O&M per kilometre (km) of line; and (iii) O&M per GJ delivered. ATCO Gas emphasized the importance of service quality measures. Apex agreed that the three measures identified by ATCO Gas are possible candidates..... paragraph 103
5. Both ATCO Gas and Apex relied on the same weightings between CPI and labour costs currently established for the I factor. Both used data from well-known sources for their historical and forecast CPI. The Commission also accepts, for the purposes of this decision, the calculation of CPI and labour escalators on a calendar year basis (rather than a July to June basis as is currently done for the I factor calculation). Doing so aligns more closely with the utilities’ costs and revenues, which are measured on a calendar year

- basis. Given the Commission’s approval to use the most up-to-date data, the Commission directs ATCO Gas and Apex to use the 2021-2023 CPI values as shown in tables 9 and 10 above in their respective compliance filings. The Commission denies ATCO Gas’s request to further update its forecasts at the time of the compliance filing. ... paragraph 112
6. Regarding labour costs, both ATCO Gas and Apex used the Alberta AWE index as a substitute for their labour costs escalator for 2019 and 2020, and used their own actual or projected labour cost increases for 2021-2023. In the Commission’s view, it is more methodologically sound to use the utility’s own actual or forecast labour cost growth for the entire 2019-2023 period so that the data for both historical and forecast costs is consistent. The Commission considers the use of the utilities’ actual and forecast labour costs is reasonable for purposes of the inflation escalator because the objective of this proceeding is to realign each of the utility’s costs with revenues. Further, in Section 5.2.6 of this decision, the Commission reviews the 2021-2023 proposed labour cost escalators developed by the utilities, and finds them to be reasonable. As such, the Commission directs ATCO Gas and Apex to recalculate their 2019-2020 inflation indexes based on their own labour cost data using the same methodology used for developing their 2021-2023 labour cost indexes as shown, respectively, in tables 9 and 10 above. .... paragraph 113
  7. As a result, the Commission has determined that it is necessary to introduce an offset to the customer growth escalation factors used by both utilities to account for its findings that (i) there is not an observed one-to-one relationship between customer growth and utility costs; and (ii) there exist economies of scale that are not accounted for in the application of the customer growth escalator. Having reviewed the record and exercised its judgment, the Commission directs each of the utilities to reduce their proposed customer growth escalation factors by 15 per cent. .... paragraph 129
  8. ATCO Gas and Apex updated their respective 2021 capital costs with non-audited 2021 actual amounts on April 1, 2022. As set out in Section 7.1, the Commission examined the utilities’ 2021 non-audited actual capital additions in this proceeding and, except as noted otherwise in this decision, finds these amounts to have been prudently incurred, subject to reviewing the explanations for variances between the non-audited 2021 actuals provided in April 2022 and audited actuals provided in Rule 005 filings. Therefore, the Commission directs ATCO Gas and Apex to incorporate the 2021 actual rate base, subject to the exceptions otherwise noted in this decision, into their compliance filings. .... paragraph 146
  9. For these reasons, the Commission finds that ATCO Gas’s O&M and A&G forecasts derived using the mechanistic approach, and adjusted using the escalation factors approved in Section 5.2, are reasonable. The Commission directs ATCO Gas to recalculate its 2023 O&M costs forecast under the mechanistic approach to reflect the escalation factors approved in Section 5.2 of this decision. .... paragraph 158
  10. The Commission agrees with the UCA that there is potential for cost duplication and it may be more efficient to take a more coordinated approach to the EREE program. The Commission sees no reason why ATCO Gas could not work collaboratively with the UCA and other utilities to deliver coordinated EREE programming, particularly because ATCO Gas has indicated the EREE programs are in the public interest. Accordingly, ATCO Gas’s EREE program is denied. The Commission directs ATCO Gas to remove

- the expenditures associated with these programs and initiatives from its 2023 forecast in its compliance filing..... paragraph 173
17. Based on its assessment, the Commission is prepared to accept the 2021 non-audited actual costs as prudently incurred unless noted otherwise in this decision. This finding is also subject to the Commission’s review of each utility’s explanations for any variances between the non-audited 2021 actual expenditures filed in this proceeding in April 2022 and audited costs reported in 2021 Rule 005 filings. The Commission directs the utilities to file these explanations as part of their compliance filings to this decision..... paragraph 239
  18. The Commission finds that the 2023 forecast costs for those programs that were forecast mechanistically are reasonable and approves them as filed, subject to using the escalation factors approved in Section 5.2. Accordingly, the Commission directs ATCO Gas to provide updated amounts in the compliance filing ..... paragraph 247
  22. In addition, the ATCO Distribution Utilities provided no persuasive evidence that the IT rates with IBM/Kyndryl are just and reasonable. Based on the factors identified above, the Commission directs each of the ATCO Distribution utilities to reduce their 2023 IT managed services forecast costs by 15 per cent. In coming to this disallowance, the Commission reiterates that, unlike the Commission’s concerns in the IT Common Matters decision about the shortcomings in the competitive procurement process employed by ATCO prior to selecting Wipro as its external managed IT services provider, here there was no competitive procurement process of any kind leading to the selection of IBM/Kyndryl. A 15 per cent reduction is appropriate in the circumstances of this case, given the paucity of relevant or compelling evidence to support the reasonableness of the IBM/Kyndryl rates. .... paragraph 389
  23. The Commission agrees with J. Stephens’ recommendation that the ATCO Distribution Utilities be required to provide similar detail to Table 4 of his evidence in a future rate or tariff application. The Commission considers that additional clarity around IT costs is necessary. The Commission therefore directs the ATCO Distribution Utilities to provide information on total IT expenditures, the MFR accounts in which these costs are recorded, an identification of all IT corporate costs and the method used to allocate IT costs to ATCO distribution and transmission utilities in future rate proceedings. .... paragraph 390
  24. Throughout this decision, the Commission has issued various directions to ATCO Gas, ATCO Electric and Apex. The Commission directs each of ATCO Gas and Apex to file a compliance application to finalize their respective 2023 forecast revenue requirements to reflect the approvals, denials, and adjustments in this decision by October 3, 2022. ATCO Electric must reflect the adjustments from this decision in its September 26, 2022, compliance filing, directed by the Commission in Decision 26615-D01-2022. .... paragraph 405
  25. To assist the Commission in reviewing the compliance of ATCO Gas and Apex with the directions in this decision, the Commission directs both utilities to support their revised 2023 revenue requirement, inclusive of 2023 forecasts, with accompanying Excel schedules. Specifically, each of the 2023 forecast amounts contained in the rebasing templates should either have a working formula showing how the number was determined (e.g., a formula that shows the calculation of the escalated 2018-2020 average), or reference to an associated working paper where such calculation was

performed. The calculations should clearly illustrate how the utility’s compliance with a Commission direction (e.g., denial of a capital project or the application of approved escalators) was achieved. .... paragraph 407

**Appendix 3 – Summary of Commission directions**

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. Given the minimal difference between using mid-year 2022 and mid-year 2023 as the basis for calculating the 2023 ECM dollar amount, and the interim nature of this amount (as explained above), there is no need to update the 2023 rates at this time. The Commission directs ATCO Gas to true up its 2023 ECM dollar amount, reflecting the methodology approved in this decision, upon the approval of the 2022 actual rate base. .... paragraph 46
2. The Commission considers ATCO Gas’s explanation for the billing determinant variances from forecasts is reasonable. Such variances do not generally call into question the predictive value of the methodology used to generate the forecasts. The Commission directs ATCO Gas to continue to provide information on any variances from forecast to actual billing determinants by rate class and to identify the cause of variances larger than five per cent on an annual basis. .... paragraph 51
3. The Commission is satisfied with the explanation provided by ATCO Gas regarding the implementation of both pilot rates, and directs ATCO Gas to provide the analysis directed at paragraphs 81 and 91 of Decision 25428-D01-2020 in its next Phase 2 application. Given the above, the Commission is satisfied that ATCO Gas has complied with the directions at paragraphs 81 and 91 of Decision 25428-D01-2020. .... paragraph 69

## Appendix 4 – ATCO Gas North 2023 distribution rates

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Appendix 4 - ATCO  
Gas North rates

(consists of 17 pages)

## Appendix 5 – ATCO Gas South 2023 distribution rates

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Appendix 5 - ATCO  
Gas South rates

(consists of 19 pages)

## Appendix 6 – Schedule of non-discretionary charges

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Appendix 6 -  
Schedule of non-dis  
(consists of 3 pages)

## Appendix 7 – Producer Terms and Conditions

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Appendix 7 -  
Producer Terms and  
(consists of 63 pages)



**ATCO GAS AND PIPELINES LTD.**

**ATCO GAS NORTH**

**RATE SCHEDULES**

**JANUARY 1, 2023**



**ATCO GAS AND PIPELINES LTD. - NORTH  
 RATE SCHEDULES**

**INDEX**

	<b>Page</b>
<b><u>Conditions</u></b>	
General Conditions .....	3
<b><u>Riders</u></b>	
Rider "A" Municipal Franchise Fee .....	4
Rider "B" Municipal Property Tax and Specific Costs .....	5
Rider "D" Unaccounted For Gas (Distribution Access Service Customers) .....	6
Rider "E" Deemed Value of Gas .....	7
Rider "L" Load Balancing Deferral Account Rider .....	8
Rider "P" Unaccounted For Gas (Producers) .....	9
Rider "T" Transmission Service Charge .....	10
<b><u>Delivery Service Rates</u></b>	
Low Use Delivery Service .....	11
Mid Use Delivery Service .....	12
High Use Delivery Service .....	13
Ultra High Use Delivery Service .....	14
Alternative Technology and Appliance Delivery Service .....	15
<b><u>Other Service Rates</u></b>	
Producer Receipt Service .....	16
Unmetered Gas Light Service .....	17

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective January 1, 2022 by Decision 26847-D01-2021  
This Replaces General Conditions  
Previously Effective January 1, 2021

## ATCO GAS AND PIPELINES LTD. - NORTH GENERAL CONDITIONS

1. **Approval of Alberta Utilities Commission (AUC):**  
Changes in Rates from time to time are subject to approval by the AUC for the Province of Alberta.
2. **Special Contracts:**  
Unless varied by the AUC, service to Customers under Special Contracts shall be subject to the terms and conditions thereof.
3. **Specific Facilities Conditions:**  
The Rates do not include extra costs incurred by the Company and payable by the Customer for Special Facilities or conditions requested by the Customer at the Point of Delivery.
4. **Winter Period - Summer Period:**  
The winter period is the five calendar months from November 1 to March 31, and the summer period is the seven calendar months from April 1 to October 31.
5. **Late Payment Charge:**  
When accounts are not paid in full on or before the due date within 15 business days of statement date, the Company will apply a 1% penalty on the amount due. If the payment is not received by the next billing cycle, a 1% penalty will be applied to the balance carried forward (including prior penalties).
6. **Terms and Conditions:**  
The Company's Customer and Retailer Terms and Conditions for Gas Distribution Service apply to all Customers and form part of these Rate Schedules. The Company's Producer Terms and Conditions apply to all Producers and form part of these Rate Schedules.
7. **DSP Rider F:**  
The words "DSP Rider F" as they appear on the Rate Schedules, shall mean the Default Supply Provider's Regulated Services Gas Cost Flow-Through Rate for ATCO Gas.



## ATCO Gas Distribution

Effective January 1, 2022 by AUC Disposition 27036-D01-2021  
This Replaces Rider "A"  
Previously Effective March 1, 2021

## ATCO GAS AND PIPELINES LTD. – NORTH RIDER "A" MUNICIPAL FRANCHISE FEE TO ALL RATES AND ANY OTHER RIDERS THERETO

All charges under the Rates, including any charges under other Riders, to Customers situated within the communities listed on this Rider "A" Municipal Franchise Fee are subject to the addition of the percentage shown. The percentage shown is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect.

Method A. - Applied to gross revenues\*.

Method C. - Applied to gross revenues\* and Rider "E".

<u>Municipalities – Method A</u>	<u>%</u>	<u>Effective Date yymmdd</u>	<u>Municipalities – Method A</u>	<u>%</u>	<u>Effective Date yymmdd</u>	<u>Municipalities – Method A</u>	<u>%</u>	<u>Effective Date yymmdd</u>
Alberta Beach	8.00	20/03/01	Grimshaw	30.00	12/02/15	Seba Beach	20.00	10/06/03
Alix	12.00	19/01/01	Hardisty	22.00	18/01/01	Sexsmith	25.00	07/04/24
Amisk	9.10	00/04/18	Hines Creek	30.00	05/08/02	Sherwood Park	22.00	10/07/01
Argentia Beach	0.00	10/07/09	Hinton ***	14.60	12/01/01	Silver Beach	20.00	05/03/24
Bashaw	15.00	04/03/18	Holden	3.50	14/01/01	Slave Lake	25.50	20/01/01
Beaverlodge	11.50	20/01/01	Hughenden	10.98	00/07/18	Spirit River	24.00	01/06/18
Bentley	12.00	20/01/01	Hythe	12.00	18/02/01	Spruce Grove	30.00	20/01/01
Berwyn	22.00	19/01/07	Innisfree	25.00	08/09/08	St. Albert	20.30	19/01/01
Bittern Lake	7.00	18/01/01	Irma	20.00	04/10/15	Stony Plain	35.00	21/02/01
Blackfalds	35.00	10/01/01	Itaska	12.00	04/09/21	Swan Hills	10.00	21/01/01
Bon Accord	23.00	22/01/01	Jasper Muni	19.10	22/01/01	Sylvan Lake	27.00	19/01/01
Breton	15.00	17/01/01	Jasper Ntl Pk	17.10	06/09/01	Thorsby	20.00	14/01/01
Bruderheim	20.00	21/01/01	Kitscoty	10.00	05/09/15	Tofield	10.00	04/05/04
Camrose	27.00	20/04/01	Lacombe	27.75	22/01/01	Vegreville	33.00	04/10/12
Caroline	35.00	21/01/01	Lamont	35.00	04/05/10	Vermilion	22.00	21/01/01
Chipman	0.00	06/05/12	Lavoy	16.61	09/10/23	Veteran	6.00	17/01/01
Clive	16.17	04/05/17	Legal	25.00	22/01/01	Viking	21.51	04/09/26
Clyde	9.46	10/05/04	Lloydminster	25.00	08/02/01	Wabamun	15.00	18/06/01
Cold Lake	13.00	05/11/01	Lougheed	15.00	12/09/17	Warburg	10.00	09/01/01
Consort	22.00	04/05/07	Mannville	25.00	20/01/01	Wembley	25.00	08/07/01
Coronation	10.05	09/07/14	Mayerthorpe	15.00	22/01/01	Wetaskiwin	33.00	21/01/01
Czar	11.84	00/04/27	McLennan	24.00	05/05/19	Whitecourt ***	25.92	22/01/01
Donnelly	30.00	05/09/06	Millet	22.00	08/01/01			
Drayton Valley***	22.00	04/10/22	Minburn	16.61	16/01/01	<u>Municipalities – Method C</u>	<u>%</u>	<u>Effective Date yymmdd</u>
Eckville	20.00	16/03/01	Mirror	12.60	06/07/13	Andrew	9.00	99/11/25
Edgerton	15.00	22/01/01	Mundare	23.00	20/04/01	Eaglesham	5.26	05/06/08
Edmonton	35.00	19/01/01	Nampa	16.84	04/04/22			
Edson***	20.00	21/01/01	Onoway	10.00	22/01/01			
Entwistle	17.32	10/02/22	Oyen	30.00	08/01/17			
Fairview	17.31	15/10/01	Peace River	32.00	22/01/01			
Falher	17.00	20/01/01	Point Alison	15.00	07/10/12			
Fort McMurray	10.00	21/03/01	Ponoka	23.00	21/01/01			
Fort Saskatchewan	0.00	04/09/28	Provost	22.00	13/01/01			
Fox Creek	15.00	20/01/01	Red Deer	35.00	17/01/01			
Gibbons	30.00	05/10/01	Rimbey	26.00	18/01/01			
Girouxville	26.00	19/01/01	Rocky Mtn. House	30.00	15/01/01			
Golden Days	25.00	04/06/15	Rycroft	30.00	16/02/10			
Grande Prairie	25.00	06/03/07	Ryley	10.00	16/02/01			

\* Gross Revenues are ATCO Gas total charges, less GST.

\*\*\* Includes a \$10,000 maximum annual allowable assessment (Max) on any individual metered account.

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Effective August 1, 2022 by AUC Disposition 27463-D01-2022  
This Replaces Rider "B"  
Previously Effective June 1, 2022

## ATCO GAS AND PIPELINES LTD. – NORTH RIDER “B” MUNICIPAL PROPERTY TAX AND SPECIFIC COSTS TO ALL RATES AND ANY OTHER RIDERS THERETO

This Rider is applicable to Customers and Producers resident in municipalities that receive a property tax under the Municipal Government Act or receive payment for specific costs which are not generally incurred by the Company. This Rider is the estimated percentage of gross revenue required to provide for the tax payable or specific cost incurred each year. To the extent that this percentage may be more or less than that required to pay the tax or specific cost, the percentage of gross revenue provided in the Rider will be adjusted on the 1st of February each year.

The percentage is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect with respect to the following municipalities:

<u>Municipalities –</u> <u>Method A</u>	<u>%</u>	<u>Effective</u> <u>Date</u> <u>yymmdd</u>	<u>Municipalities –</u> <u>Method A</u>	<u>%</u>	<u>Effective</u> <u>Date</u> <u>yymmdd</u>	<u>Municipalities –</u> <u>Method A</u>	<u>%</u>	<u>Effective</u> <u>Date</u> <u>yymmdd</u>
Alberta Beach	2.90	22/02/01	Hughenden	1.20	22/08/01	Spruce Grove	1.90	22/02/01
Argentia Beach	1.80	22/02/01	Hythe	5.20	22/02/01	Stony Plain	1.80	22/02/01
Bashaw	2.70	22/02/01	Innisfree	7.90	22/02/01	Stony Plain Indian Reserve	5.80	22/02/01
Beaverlodge	3.60	22/02/01	Irma	3.60	22/02/01	Swan Hills	7.70	22/02/01
Bentley	2.40	22/02/01	Itaska Beach	2.10	22/02/01	Sylvan Lake	2.40	22/02/01
Berwyn	8.80	22/02/01	Jarvis Bay	1.10	22/02/01	Thorsby	4.70	22/02/01
Bittern Lake	13.20	22/02/01	Jasper, Town	2.60	22/02/01	Tofield	7.70	22/02/01
Blackfalds	2.50	22/02/01	Kitscoty	6.90	22/02/01	Vegreville	4.50	22/02/01
Bon Accord	4.00	22/02/01	Lacombe	2.10	22/02/01	Vermilion	3.00	22/02/01
Breton	4.50	22/02/01	Lakeview	1.30	22/02/01	Veteran	7.50	22/02/01
Bruderheim	3.40	22/02/01	Lamont	3.90	22/02/01	Viking	5.00	22/02/01
Camrose	2.60	22/02/01	Lavoy	0.50	22/02/01	Wabamun	0.00	22/02/01
Caroline	3.40	22/02/01	Legal	4.40	22/02/01	Warburg	5.10	22/02/01
Clive	2.40	22/02/01	Lloydminster	2.60	22/02/01	Wembley	4.40	22/02/01
Clyde	5.00	22/02/01	Lougheed	5.80	22/02/01	Wetaskiwin	4.00	22/02/01
Cold Lake	2.80	22/02/01	Mannville	10.00	22/02/01	Whitecourt	3.20	22/02/01
Consort	4.70	22/02/01	Mayerthorpe	4.80	22/02/01	Wood Buffalo (Ft. McMurray)	1.70	22/02/01
Coronation	4.00	22/02/01	Millet	3.90	22/02/01			
Eckville	3.30	22/02/01	Mundare	3.50	22/02/01			
Edgerton	3.80	22/02/01	Nampa	5.70	22/02/01			
Edmonton	4.20	22/02/01	Norglenwold	1.10	22/02/01			
Edson	4.90	22/02/01	Onoway	7.40	22/02/01			
Entwistle	0.00	22/02/01	Oyen	2.80	22/02/01			
Fairview	3.00	22/02/01	Paul Band First Nation	6.80	22/02/01			
Falher	5.30	22/02/01	Peace River	5.10	22/05/01			
Ft McMurray 468 First Nation	2.80	22/02/01	Point Alison	1.80	22/02/01			
Ft. Saskatchewan	3.60	22/02/01	Ponoka	2.70	22/02/01			
Gibbons	3.50	22/02/01	Provost	4.00	22/02/01			
Girouxville	5.10	22/02/01	Red Deer	2.80	22/02/01			
Golden Days	1.40	22/02/01	Rocky Mtn. House	2.80	22/02/01			
Grande Prairie	3.80	22/02/01	Rycroft	4.50	22/02/01			
Grimshaw	3.00	22/02/01	Ryley	15.60	22/02/01			
Hardisty	3.80	22/02/01	Seba Beach	2.20	22/02/01			
Hines Creek	5.80	22/02/01	Silver Beach	1.10	22/02/01			
Hinton	4.30	22/02/01	Slave Lake	2.60	22/02/01			
Holden	13.50	22/02/01	Spirit River	5.30	22/02/01			

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective November 1, 2022 by Decision 27583-D01-2022  
This Replaces Rider "D"  
Previously Effective November 1, 2021

**ATCO GAS AND PIPELINES LTD.  
ATCO GAS RIDER "D" TO DISTRIBUTION ACCESS SERVICE CUSTOMERS  
FOR THE RECOVERY OF UNACCOUNTED FOR GAS (UFG)**

All Retailer and Default Supply Provider Customers utilizing Distribution Access Service for delivering gas off the ATCO Gas distribution systems will be assessed a distribution UFG charge of 1.271% at the Point of Delivery. The UFG assessment will be made up "In-Kind" from each Customer Account.



Effective September 1, 2007 by Decision 2007-059  
This Replaces Rider "E"  
Previously Effective April 1, 2002

**ATCO GAS AND PIPELINES LTD. - NORTH  
RIDER "E" TO DELIVERY SERVICE RATES  
FOR THE DETERMINATION OF THE "DEEMED VALUE OF NATURAL GAS"  
FOR CALCULATION OF MUNICIPAL FRANCHISE FEE PAYABLE**

A Deemed Value of Natural Gas Rate will be applied to the energy delivered to Delivery Service Customers for the determination of municipal franchise fee payable by Customers in municipalities designated as Method "C" municipalities on Rider "A" of these Rate Schedules.

**FOR ALL RATES:**

The "Deemed Value" is an amount equal to the Gas flow Through Rate specified on the DSP Rider "F".



Effective September 1, 2022 by Decision 27451-D01-2022  
This Replaces Rider "L"  
Previously Effective October 1, 2014

**ATCO GAS AND PIPELINES LTD. - NORTH  
RIDER "L" TO ALL RATES FOR CREDITING OR DEBITING  
LOAD BALANCING DEFERRAL ACCOUNT (LBDA) BALANCES**

To be applied to the energy delivered to all Delivery Service Customers as per the schedule below unless otherwise specified by specific contracts or AUC.

Low Use Delivery Rate – September 1, 2022 to April 30, 2023	\$0.045 per GJ
Mid Use Delivery Rate – September 1, 2022 to April 30, 2023	\$0.046 per GJ
High Use Delivery Rate – September 1, 2022 to April 30, 2023	\$0.047 per GJ
Ultra High Use Delivery Rate – September 1, 2022 to April 30, 2023	\$0.051 per GJ
Alternative Technology and Appliance Delivery Service – September 1, 2022 to April 30, 2023	\$0.045 per GJ

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective November 1, 2022 by Decision 27583-D01-2022  
This Replaces Rider "P"  
Previously Effective November 1, 2021

**ATCO GAS AND PIPELINES LTD.  
RIDER "P" TO PRODUCERS  
FOR THE RECOVER OF UNACCOUNTED FOR GAS (UFG)**

All Producers utilizing Distribution Access Service for exporting gas off the ATCO Gas distribution system will be assessed a distribution UFG charge of 1.270% at the Point of Export. The UFG assessment will be made up "In-Kind" from each Producer Account.



Effective January 1, 2023 by Decision 27752-D01-2022  
This Replaces Rider "T"  
Previously Effective January 1, 2022

**ATCO GAS AND PIPELINES LTD.  
RIDER "T" TRANSMISSION SERVICE CHARGE**

To be applied to Low Use, Mid Use and High Use, Ultra High Use and Alternative Technology and Appliance (ATA) customers unless otherwise specified by specific contracts or the AUC, effective January 1, 2023.

Low Use Delivery Rate	\$1.145 per GJ
Mid Use Delivery Rate	\$1.052 per GJ
High Use Delivery Rate	\$0.314 per GJ per Day of 24 Hr. Billing Demand
Ultra High Use Delivery Rate	\$0.305 per GJ per Day of 24 Hr. Billing Demand
Alternative Technology and Appliance Delivery Service	\$1.145 per GJ

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective January 1, 2023 by Decision 27684-D01-2022  
 This Replaces Low Use Delivery Service  
 Previously Effective January 1, 2022 by Decision 26847-D01-2021

**ATCO GAS AND PIPELINES LTD. - NORTH  
 LOW USE DELIVERY SERVICE**

Available to all Customers using 1,200 GJ per year or less.

**CHARGES:**

<b>Fixed Charge:</b>	\$ 0.925 per Day
<b>Variable Charge:</b>	\$ 0.934 per GJ
<b>Load Balancing Deferral Account Rider:</b>	Rider "L"
<b>Transmission Service Charge:</b>	Rider "T"

**RATE SWITCHING:**

A Low Use customer that consumes more than 1,200 GJ of natural gas annually but no more than 8,000 GJ annually for two consecutive years will automatically be switched to the Mid Use rate group without notice. ATCO Gas will notify the customers' retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces Mid Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - NORTH MID USE DELIVERY SERVICE

Available to all Customers using more than 1,200 GJ per year but no more than 8,000 GJ annually.

### **CHARGES:**

<b>Fixed Charge:</b>	\$ 1.765 per Day
<b>Variable Charge:</b>	\$ 0.972 per GJ
<b>Load Balancing Deferral Account Rider:</b>	Rider "L"
<b>Transmission Service Charge:</b>	Rider "T"

### **RATE SWITCHING:**

A Mid Use customer that consumes less than 1,201 GJ of natural gas annually for two consecutive years will automatically be switched to the Low Use rate group without notice. ATCO Gas will notify the customers' retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces High Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - NORTH HIGH USE DELIVERY SERVICE

Available to all Customers using more than 8,000 GJ per year but no more than 100,000 GJ annually.

### **CHARGES:**

<b>Fixed Charge:</b>	\$ 6.567 per Day
<b>Variable Charge:</b>	\$0.000 per GJ
<b>Demand Charge:</b>	\$ 0.185 per GJ per Day of 24 Hr. Billing Demand
<b>Load Balancing Deferral Account Rider:</b>	Rider "L"
<b>Transmission Service Charge:</b>	Rider "T"

### **DETERMINATION OF BILLING DEMAND:**

The Billing Demand for each billing period shall be the greater of:

1. Any applicable contract demand, or
2. The greatest amount of gas in GJ delivered in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any Gas Day in the summer period shall be divided by 2.
3. 50 GJ/day.

Provided that for a Customer who elects to take service only during the summer period, the Billing Demand for each billing period shall be the greatest amount of gas in GJ in any Gas Day in that billing period.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the Customer.

### **RATE SWITCHING**

A customer billed under the High Use rate schedule that consumes less than 8,000 GJ of natural gas per year for two consecutive years will be switched to the Low or Mid Use rate schedule, as appropriate. ATCO Gas will notify Customers in advance of the rate switch. Only one switch per year will be allowed, and the effective date for the switch will be determined by ATCO Gas. ATCO Gas will notify the customers' retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces Ultra High Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - NORTH ULTRA HIGH USE DELIVERY SERVICE

Available to all Customers using more than 100,000 GJ year.

### **CHARGES:**

<b>Fixed Charge:</b>	\$ 7.694 per Day
<b>Variable Charge:</b>	\$0.000 per GJ
<b>Demand Charge:</b>	\$ 0.167 per GJ per Day of 24 Hr. Billing Demand
<b>Load Balancing Deferral Account Rider:</b>	Rider "L"
<b>Transmission Service Charge:</b>	Rider "T"

### **DETERMINATION OF BILLING DEMAND:**

The Billing Demand for each billing period shall be the greater of:

1. Any applicable contract demand, or
2. The greatest amount of gas in GJ delivered in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any Gas Day in the summer period shall be divided by 2.
3. 400 GJ/day.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the Customer.

### **RATE SWITCHING**

A customer billed under the Ultra High Use rate schedule that consumes less than 100,000 GJ of natural gas per year for two consecutive years will be switched to the Low, Mid, or High Use rate schedule, as appropriate. ATCO Gas will notify Customers in advance of the rate switch. Only one switch per year will be allowed, and the effective date for the switch will be determined by ATCO Gas. ATCO Gas will notify the customers' retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces High Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - NORTH ALTERNATIVE TECHNOLOGY AND APPLIANCE DELIVERY SERVICE

Available by request only and at the discretion of the company for use to all Customers:

- Using less than 40 GJ per year, and
- Have one of the following use types:
  - Uses alternative technologies that reduce natural gas space heating load including solar thermal, geexchange, and net zero/near net zero emission homes; or
  - Uses natural gas solely for non-space heating purposes.

### **CHARGES:**

<b>Fixed Charge:</b>	\$ 0.440 per Day
<b>Variable Charge:</b>	\$ 6.360 per GJ
<b>Load Balancing Deferral Account Rider:</b>	Rider "L"
<b>Transmission Service Charge:</b>	Rider "T"

### **RATE SWITCHING:**

Customers switching to or from Alternative Technology and Appliance Delivery Service will be allowed one rate switch per year. ATCO Gas will notify the customers' retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces High Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - NORTH PRODUCER RECEIPT SERVICE

Available to all producers injecting natural gas directly onto the ATCO Gas distribution system. This rate is not applicable to Gas receipted onto the ATCO Gas distribution system from Nova Gas Transmission Ltd.

### CHARGES:

<b>Fixed Charge:</b>	\$ 173.575 per Day
<b>Variable Charge:</b>	\$0.000 per GJ
<b>Demand Charge:</b>	\$ 0.196 per GJ per Day of 24 Hr. Billing Demand

### DETERMINATION OF BILLING DEMAND:

The Billing Demand for each billing period shall be the greater of:

1. Any applicable contract demand, or
2. The greatest amount of gas in GJ received in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces Unmetered Gas Light Service  
Previously Effective January 1, 2022

**ATCO GAS AND PIPELINES LTD. - NORTH  
UNMETERED GAS LIGHT SERVICE**

Applicable to all Customers with existing Company installed and approved gas lights. This rate is closed to new unmetered gas lights.

**CHARGES:**

**Fixed Charge:** \$ 0.094 per Mantle per Day



**ATCO GAS AND PIPELINES LTD.**

**ATCO GAS SOUTH**

**RATE SCHEDULES**

**JANUARY 1, 2023**



Effective January 1, 2023

**ATCO GAS AND PIPELINES LTD. - SOUTH  
 RATE SCHEDULES  
 INDEX**

	<b>Page</b>
<b><u>Conditions</u></b>	
General Conditions .....	3
<b><u>Riders</u></b>	
Rider "A" Municipal Franchise Fee .....	4
Rider "B" Municipal Property Tax and Specific Costs .....	5
Rider "D" Unaccounted For Gas (Distribution Access Service Customers) .....	6
Rider "E" Deemed Value of Gas .....	7
Rider "L" Load Balancing Deferral Account Rider .....	8
Rider "P" Unaccounted For Gas (Producers).....	9
Rider "W" Weather Deferral Account Rider .....	10
Rider "T" Transmission Service Charge.....	11
<b><u>Delivery Service Rates</u></b>	
Low Use Delivery Service .....	12
Mid Use Delivery Service .....	13
High Use Delivery Service .....	14
Ultra High Use Delivery Service.....	15
Alternative Technology and Appliance Delivery Service .....	16
Irrigation Delivery Service .....	17
<b><u>Other Service Rates</u></b>	
Producer Receipt Service .....	18
Unmetered Gas Light Service.....	19

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective January 1, 2022 by Decision 26847-D01-2021  
This Replaces General Conditions  
Previously Effective January 1, 2021

## ATCO GAS AND PIPELINES LTD. - SOUTH GENERAL CONDITIONS

1. **Approval of Alberta Utilities Commission (AUC):**

Changes in Rates from time to time are subject to approval by the AUC for the Province of Alberta.

2. **Special Contracts:**

Unless varied by the AUC, service to Customers under Special Contracts shall be subject to the terms and conditions thereof.

3. **Specific Facilities Conditions:**

The Rates do not include extra costs incurred by the Company and payable by the Customer for Special Facilities or conditions requested by the Customer at the Point of Delivery.

4. **Winter Period - Summer Period:**

The winter period is the five calendar months from November 1 to March 31, and the summer period is the seven calendar months from April 1 to October 31.

5. **Late Payment Charge:**

When accounts are not paid in full on or before the due date within 15 business days of the statement date, the Company will apply a 1% penalty on the amount due. If the payment is not received by the next billing cycle, a 1% penalty will be applied to the balance carried forward (including prior penalties).

6. **Terms and Conditions:**

The Company's Customer and Retailer Terms and Conditions for Gas Distribution Service apply to all Customers and form part of these Rate Schedules. The Company's Producer Terms and Conditions apply to all Producers and form part of these Rate Schedules.

7. **DSP Rider F:**

The words "DSP Rider F" as they appear on the Rate Schedules, shall mean the Default Supply Provider's Regulated Services Gas Cost Flow-Through Rate for ATCO Gas.



## ATCO Gas Distribution

Effective February 1, 2022 by AUC Disposition 27089-D01-2022  
This Replaces Rider "A"  
Previously Effective January 1, 2022

## ATCO GAS AND PIPELINES LTD. – SOUTH RIDER "A" MUNICIPAL FRANCHISE FEE TO ALL RATES AND ANY OTHER RIDERS THERETO

All charges under the Rates, including any charges under other Riders, to Customers situated within the communities listed on this Rider "A" Municipal Franchise Fee are subject to the addition of the percentage shown. The percentage shown is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect.

Method A. - Applied to gross revenues\*.

Method C. - Applied to gross revenues\* and Rider "E".

Effective			Effective			Effective		
Municipalities –		Date	Municipalities		Date	Municipalities –		Date
Method A	%	yymmdd	Method A	%	yymmdd	Method C	%	yymmdd
Acme	20.00	04/03/10	Foremost	21.00	04/01/21	Calgary**	11.11	91/01/01
Airdrie	29.60	07/10/01	Fort Macleod	12.50	01/10/02	Glenwood	5.26	94/10/01
Banff	31.20	06/03/24	Gasoline Alley	19.50	20/05/01			
Banff Ntl Park	31.20	22/01/01	Granum	12.00	13/01/01			
Barnwell	13.00	01/01/18	High River	20.00	19/05/01			
Barons	14.97	00/08/21	Hill Spring	5.00	10/03/25			
Bassano	25.00	13/01/01	Hussar	27.50	22/02/01			
Beiseker	16.00	19/01/01	Innisfail	27.00	19/01/01			
Big Valley	12.00	16/03/01	Irricana	11.18	99/12/06			
Black Diamond	16.00	17/01/01	Lethbridge	27.00	12/02/15			
Bow Island	12.00	18/01/01	Linden	15.23	04/07/09			
Bowden	22.00	07/02/16	Lomond	25.00	15/12/01			
Brooks	19.50	21/01/01	Longview	20.00	16/01/01			
Burdett	15.00	20/04/01	Magrath	15.00	10/01/18			
Canmore	30.00	21/01/01	Milk River	30.00	04/12/14			
Carbon	16.00	22/01/01	Nanton	17.00	19/01/01			
Cardston	15.00	07/10/04	Nobleford	0.00	06/10/04			
Carmangay	15.00	10/03/02	Okotoks	20.00	21/01/01			
Carstairs	25.00	07/08/01	Olds	30.00	12/01/01			
Champion	15.00	10/03/02	Penhold	25.00	18/09/01			
Chestermere	17.00	14/01/01	Picture Butte	18.00	16/09/01			
Claresholm	10.00	05/05/05	Raymond	15.00	20/10/07			
Coaldale	15.00	22/01/01	Rockyford	30.00	12/01/01			
Coalhurst	7.50	21/01/01	Rosemary	16.00	16/05/01			
Cochrane	20.00	16/01/01	Standard	0.00	22/01/01			
Coutts	20.00	08/09/09	Stavely	11.00	21/01/01			
Cowley	13.79	02/08/23	Stirling	12.00	19/01/01			
Cremona	25.00	15/09/01	Strathmore	35.00	21/04/01			
Crossfield	17.00	10/05/07	Taber	18.00	20/07/01			
Crowsnest Pass	25.00	13/01/17	Taber*	33.00	20/07/01			
Delburne	21.60	07/04/10	Trochu	20.00	15/12/01			
Didsbury	25.00	10/01/01	Turner Valley	15.00	15/10/05			
Duchess	15.00	21/01/01	Vauxhall	10.00	20/02/01			
Elnora	16.00	04/05/27	Vulcan	35.00	14/01/01			

\* Applied to High Use.

\*\* Exemption available on Rider "E" portion of natural gas feedstock quantities used by an electrical generation plant whose primary fuel source is natural gas, for the commercial sale of electricity or used by a district energy plant for combined heat and power production, if deemed by the City of Calgary to be a qualifying facility.

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective June 1, 2022 by AUC Disposition 27384-D01-2022  
This Replaces Rider "B"  
Previously Effective April 1, 2022

## ATCO GAS AND PIPELINES LTD. – SOUTH RIDER “B” MUNICIPAL PROPERTY TAX AND SPECIFIC COSTS TO ALL RATES AND ANY OTHER RIDERS THERETO

This Rider is applicable to Customers and Producers resident in municipalities that receive a property tax under the Municipal Government Act or receive payment for specific costs which are not generally incurred by the Company. This Rider is the estimated percentage of gross revenue required to provide for the tax payable or specific cost incurred each year. To the extent that this percentage may be more or less than that required to pay the tax or specific cost, the percentage of gross revenue provided in the Rider will be adjusted on the 1st of February each year.

The percentage is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect with respect to the following municipalities:

<u>Municipalities</u>	<u>%</u>	<u>Effective Date</u> <u>yymmdd</u>	<u>Municipalities</u>	<u>%</u>	<u>Effective Date</u> <u>yymmdd</u>
Airdrie	2.40	22/02/01	Longview	1.90	22/06/01
Banff, Municipality	0.00	22/02/01	Milk River	3.90	22/02/01
Bassano	3.40	22/02/01	Nanton	3.00	22/02/01
Big Valley	3.20	22/02/01	Nobleford	1.10	22/02/01
Bow Island	3.70	22/02/01	Olds	2.10	22/02/01
Brooks	2.90	22/02/01	Penhold	2.50	22/02/01
Canmore	1.70	22/02/01	Picture Butte	2.60	22/02/01
Cardston	3.20	22/02/01	Raymond	3.00	22/02/01
Carmangay	3.80	22/02/01	Redwood Meadows	6.30	22/02/01
Carstairs	2.50	22/02/01	Rockyford	2.40	22/02/01
Champion	4.20	22/02/01	Rosemary	3.80	22/02/01
Chestermere	1.40	22/02/01	Standard	0.00	22/04/01
Claresholm	3.70	22/02/01	Stavely	3.10	22/02/01
Coaldale	2.00	22/02/01	Stirling	2.80	22/02/01
Cochrane	1.50	22/02/01	Strathmore	1.80	22/02/01
Coutts	4.70	22/02/01	Taber	5.60	22/02/01
Crowsnest Pass	6.20	22/02/01	Trochu	4.10	22/02/01
Didsbury	2.20	22/02/01	Turner Valley	3.60	22/02/01
Duchess	3.20	22/02/01	Vauxhall	4.50	22/02/01
Elnora	3.50	22/02/01	Vulcan	4.00	22/02/01
Foremost	3.50	22/02/01			
Fort Macleod	3.30	22/02/01			
Gasoline Alley	0.20	22/02/01			
Granum	0.10	22/02/01			
Hill Spring	10.60	22/02/01			
Irricana	1.60	22/05/01			
Lethbridge	4.40	22/02/01			
Linden	6.30	22/02/01			
Lomond	5.00	22/02/01			

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective November 1, 2022, by Decision 27583-D01-2022  
This Replaces Rider "D"  
Previously Effective November 1, 2021

**ATCO GAS AND PIPELINES LTD.  
ATCO GAS RIDER "D" TO DISTRIBUTION ACCESS SERVICE CUSTOMERS  
FOR THE RECOVER OF UNACCOUNTED FOR GAS (UFG)**

All Retailer and Default Supply Provider Customers utilizing Distribution Access Service for delivering gas off the ATCO Gas distribution system will be assessed a distribution UFG charge of 1.271% at the Point of Delivery. The UFG assessment will be made up "In-Kind" from each Customer Account.



Effective September 1, 2007 by Decision 2007-059  
This Replaces Rider "E"  
Previously Effective May 4, 2004

**ATCO GAS AND PIPELINES LTD. - SOUTH  
RIDER "E" TO DELIVERY SERVICE RATES  
FOR THE DETERMINATION OF THE "DEEMED VALUE OF NATURAL GAS"  
FOR CALCULATION OF MUNICIPAL FRANCHISE FEE PAYABLE**

A Deemed Value of Natural Gas Rate will be applied to the energy delivered to Delivery Service Customers for the determination of municipal franchise fee payable by Customers in municipalities designated as Method "C" municipalities on Rider "A" of these Rate Schedules.

**FOR ALL RATES:**

The "Deemed Value" is an amount equal to the Gas Cost flow Through Rate specified on the DSP Rider "F".



Effective September 1, 2022 by Decision 27451-D01-2022  
This Replaces Rider "L"  
Previously Effective October 1, 2014

**ATCO GAS AND PIPELINES LTD. - SOUTH  
RIDER "L" TO ALL RATES FOR CREDITING OR DEBITING  
LOAD BALANCING DEFERRAL ACCOUNT (LBDA) BALANCES**

To be applied to the energy delivered to all Delivery Service Customers as per the schedule below unless otherwise specified by specific contracts or AUC.

Low Use Delivery Rate – September 1, 2022 to April 30, 2023	\$0.045 per GJ
Mid Use Delivery Rate – September 1, 2022 to April 30, 2023	\$0.046 per GJ
High Use Delivery Rate – September 1, 2022 to April 30, 2023	\$0.047 per GJ
Ultra-High Use Delivery Rate – September 1, 2022 to April 30, 2023	\$0.051 per GJ
Alternative Technology and Appliance Delivery Service – September 1, 2022 to April 30, 2023	\$0.045 per GJ
Irrigation Use Delivery Rate – September 1 to 30, 2022	\$0.379 per GJ

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective November 1, 2022 by Decision 27583-D01-2022  
This Replaces Rider "P"  
Previously Effective November 1, 2021

**ATCO GAS AND PIPELINES LTD.  
RIDER "P" TO PRODUCERS  
FOR THE RECOVER OF UNACCOUNTED FOR GAS (UFG)**

All Producers utilizing Distribution Access Service for exporting gas off the ATCO Gas distribution system will be assessed a distribution UFG charge of 1.270% at the Point of Export. The UFG assessment will be made up "In-Kind" from each Producer Account.



Effective September 1, 2022, by Decision 27415-D01-2022  
 This Replaces Rider "W" as approved in Decision 25666-D01-2020  
 Previously Effective September 1, 2020 to April 30, 2021

**ATCO GAS AND PIPELINES LTD. - SOUTH  
 RIDER "W" WEATHER DEFERRAL ACCOUNT RIDER**

To be applied to the Low Use, Mid Use customers unless otherwise specified by specific contracts or AUC, effective September 1, 2022 to April 30, 2023.

Low Use Delivery Rate	\$0.126 per GJ
Mid Use Delivery Rate	\$0.113 per GJ

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective January 1, 2023 by Decision 27752-D01-2022  
This Replaces Rider "T"  
Previously Effective January 1, 2022

**ATCO GAS AND PIPELINES LTD.  
RIDER "T" TRANSMISSION SERVICE CHARGE**

To be applied to Low Use, Mid Use and High Use, Ultra High Use and Alternative Technology and Appliance (ATA) customers unless otherwise specified by specific contracts or the AUC, effective January 1, 2023.

Low Use Delivery Rate	\$1.145 per GJ
Mid Use Delivery Rate	\$1.052 per GJ
High Use Delivery Rate	\$0.341 per Day per GJ of 24 Hr. Billing Demand
Ultra-High Use Delivery Rate	\$0.305 per Day per GJ of 24 Hr. Billing Demand
Alternative Technology and Appliance Delivery Service	\$1.145 per GJ

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website [www.atcogas.com](http://www.atcogas.com).



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces Low Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. – SOUTH LOW USE DELIVERY SERVICE

Available to all customers using 1,200 GJ per year or less.

### **CHARGES:**

<b>Fixed Charge:</b>	\$ 0.815 per Day
<b>Variable Charge:</b>	\$ 0.872 per GJ
<b>Load Balancing Deferral Account Rider:</b>	Rider “L”
<b>Weather Deferral Account Rider:</b>	Rider “W”
<b>Transmission Service Charge:</b>	Rider “T”

### **RATE SWITCHING:**

A Low Use customer that consumes more than 1,200 GJ of natural gas annually but no more than 8,000 GJ annually for two consecutive years will automatically be switched to the Mid Use rate group without notice. ATCO Gas will notify the customers’ retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces Mid Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

### ATCO GAS AND PIPELINES LTD. – SOUTH MID USE DELIVERY SERVICE

Available to all customers using more than 1,200 GJ per year but no more than 8,000 GJ annually.

#### **CHARGES:**

<b>Fixed Charge:</b>	\$ 1.816 per Day
<b>Variable Charge:</b>	\$ 0.731 per GJ
<b>Load Balancing Deferral Account Rider:</b>	Rider "L"
<b>Weather Deferral Account Rider:</b>	Rider "W"
<b>Transmission Service Charge:</b>	Rider "T"

#### **RATE SWITCHING:**

A Mid Use customer that consumes less than 1,201 GJ of natural gas annually for two consecutive years will automatically be switched to the Low Use rate group without notice. ATCO Gas will notify the customers' retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces High Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - SOUTH HIGH USE DELIVERY SERVICE

Available to all Customers using more than 8,000 GJ per year but no more than 100,000 GJ annually.

### **CHARGES:**

<b>Fixed Charge:</b>	\$ 5.184 per Day
<b>Variable Charge:</b>	\$0.000 per GJ
<b>Demand Charge:</b>	\$ 0.165 per GJ per Day of 24 Hr. Billing Demand
<b>Load Balancing Deferral Account Rider:</b>	Rider "L"
<b>Transmission Service Charge:</b>	Rider "T"

### **DETERMINATION OF BILLING DEMAND:**

The Billing Demand for each billing period shall be the greater of:

1. Any applicable contract demand, or
2. The greatest amount of gas in GJ delivered in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any Gas Day in the summer period shall be divided by 2.
3. 50 GJ/Day

Provided that for a Customer who elects to take service only during the summer period, the Billing Demand for each billing period shall be the greatest amount of gas in GJ in any Gas Day in that billing period.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the Customer.

### **RATE SWITCHING**

A customer billed under the High Use rate schedule that consumes less than 8,000 GJ of natural gas per year for two consecutive years will be switched to the Low or Mid Use rate schedule, as appropriate. ATCO Gas will notify Customers in advance of the rate switch. Only one switch per year will be allowed, and the effective date for the switch will be determined by ATCO Gas. ATCO Gas will notify the customers' retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces Ultra High Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - SOUTH ULTRA HIGH USE DELIVERY SERVICE

Available to all Customers using more than 100,000 GJ year.

### **CHARGES:**

<b>Fixed Charge:</b>	\$ 7.969 per Day
<b>Variable Charge:</b>	\$0.000 per GJ
<b>Demand Charge:</b>	\$ 0.169 per GJ per Day of 24 Hr. Billing Demand
<b>Load Balancing Deferral Account Rider:</b>	Rider "L"
<b>Transmission Service Charge:</b>	Rider "T"

### **DETERMINATION OF BILLING DEMAND:**

The Billing Demand for each billing period shall be the greater of:

1. Any applicable contract demand, or
2. The greatest amount of gas in GJ delivered in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any Gas Day in the summer period shall be divided by 2.
3. 400 GJ/day.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the Customer.

### **RATE SWITCHING**

A customer billed under the Ultra High Use rate schedule that consumes less than 100,000 GJ of natural gas per year for two consecutive years will be switched to the Low, Mid, or High Use rate schedule, as appropriate. ATCO Gas will notify Customers in advance of the rate switch. Only one switch per year will be allowed, and the effective date for the switch will be determined by ATCO Gas. ATCO Gas will notify the customers' retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces High Use Delivery Service  
Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - SOUTH ALTERNATIVE TECHNOLOGY AND APPLIANCE DELIVERY SERVICE

Available by request only and at the discretion of the company for use to all Customers:

- Using less than 40 GJ per year, and
- Have one of the following use types:
  - Uses alternative technologies that reduce natural gas space heating load including solar thermal, geexchange, and net zero/near net zero emission homes; or
  - Uses natural gas solely for non-space heating purposes.

### **CHARGES:**

<b>Fixed Charge:</b>	\$ 0.387 per Day
<b>Variable Charge:</b>	\$ 5.952 per GJ
<b>Load Balancing Deferral Account Rider:</b>	Rider "L"
<b>Transmission Service Charge:</b>	Rider "T"

### **RATE SWITCHING:**

Customers switching to or from Alternative Technology and Appliance Delivery Service will be allowed one rate switch per year. ATCO Gas will notify the customers' retailers of any such rate switches.



Effective January 1, 2023 by Decision 27684-D01-2022  
 This Replaces Irrigation Delivery Service  
 Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - SOUTH IRRIGATION DELIVERY SERVICE

Available to all seasonal customers who use natural gas as a fuel for engines pumping irrigation water.

### CHARGES:

#### Fixed Charge

- May 1 – September 30: \$ 1.476 per Day
- October 1 – April 30: \$0.000 per Day

**Variable Charge:** \$ 1.065 per GJ

**Load Balancing Deferral Account Rider:** Rider "L"

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Effective January 1, 2023 by Decision 27684-D01-2022  
 This Replaces High Use Delivery Service  
 Previously Effective January 1, 2022 by Decision 26847-D01-2021

## ATCO GAS AND PIPELINES LTD. - SOUTH PRODUCER RECEIPT SERVICE

Available to all producers injecting natural gas directly onto the ATCO Gas distribution system. This rate is not applicable to Gas receipted onto the ATCO Gas distribution system from Nova Gas Transmission Ltd.

### **CHARGES:**

**Fixed Charge:** \$ 173.076 per Day

**Variable Charge:** \$0.000 per GJ

**Demand Charge:** \$ 0.197 per GJ per Day of 24 Hr. Billing Demand

### **DETERMINATION OF BILLING DEMAND:**

The Billing Demand for each billing period shall be the greater of:

1. Any applicable contract demand, or
2. The greatest amount of gas in GJ received in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods



Effective January 1, 2023 by Decision 27684-D01-2022  
This Replaces Unmetered Gas Light Service  
Previously Effective January 1, 2022

**ATCO GAS AND PIPELINES LTD. - SOUTH  
UNMETERED GAS LIGHT SERVICE**

Applicable to all Customers with existing Company installed and approved gas lights. This rate is closed to new unmetered gas lights.

**Fixed Charge:** \$ 0.094 per Mantle per Day



Effective: January 1, 2023

Previously Effective: January 1, 2022

## SCHEDULE OF NON-DISCRETIONARY CHARGES

### Effective January 1, 2023

The following Non-Discretionary Charges are applicable to every Customer and Retailer/DSP within ATCO Gas' service area, unless otherwise specified.

1. **URBAN SERVICE LINES:** Applicable to all services for end use customers in municipalities with a franchise agreement with the Company.

#### 1.1 Pipe Installation:

<b>ATCO Gas (North)</b>		
<b>Service Line Diameter</b>	<b>Summer</b>	<b>Winter</b>
15.9 mm or 26 mm (up to and including 15 metres)	\$974	\$1,256
Linear charge for length over 15 metres	\$54/metre	\$73/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,293	\$1,688
Linear charge for length over 15 metres	\$76/metre	\$100/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$45	\$228

<b>ATCO Gas (South)</b>		
<b>Service Line Diameter</b>	<b>Summer</b>	<b>Winter</b>
15.9 mm or 26 mm (up to and including 15 metres)	\$703	\$916
Linear charge for length over 15 metres	\$34/metre	\$49/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,293	\$1,688
Linear charge for length over 15 metres	\$76/metre	\$100/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$45	\$228

#### Service Line Notes:

1. Winter and Summer conditions are determined by the ATCO Gas representative on site. Typically, winter conditions are 150mm or more of frozen ground conditions and / or 300mm or more of snow cover. If construction occurs within the winter construction season as determined by ATCO Gas, winter construction rates will apply.
2. The customer will be charged for the Primary Service line from the property line to the Gas Meter location when the main is located outside the customer's property.
3. The customer will be charged for the Primary Service line from the edge of easement to the Gas Meter location when the main is located in an easement within the customer's property.



Effective: January 1, 2023

Previously Effective: January 1, 2022

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- 1.2 Mobilization Charge:** A mobilization charge of \$228.00 will be levied for each additional site visit required when a site with an inspector confirmed site ready date does not meet ATCO Gas requirements for service line installations upon arrival of the service installation crew or any other time the Company's entry is considered by the Company's employees, agents, or other representatives as unsafe or is otherwise prevented, hindered or refused.
- 1.3 Pavement and Concrete Breaks:** Contract Price. Applicant responsible for settlement and permanent repair
- 1.4 Crossings:** Including highway, railroad, road, pipeline, canal - Contract Price
- 1.5 Compaction, Shallow Utility Crossings, and Waste Removal:** Contract Price
- 2. COMPANY RURAL INVESTMENT:** "three times net revenue"
- 2.1 Urban Pool Connection Charge:** \$3,204
- 2.2 Rural Pool Connection Charge:** \$8,357
- 3. REINSTATEMENT CHARGE:**
- a. Residential (typically within 1-3 business days) - \$131.00
  - b. Residential (before 8am of the next business day – subject to availability) - \$305.00
  - c. Non-Residential (typically 1-3 business days) - Contract Price (minimum \$131.00)
  - d. Non-Residential- (before 8am of the next business day – subject to availability) - Contract Price (minimum \$305.00)
- 4. AMR REMOVAL FEE:**
- a. Residential (first available business day arranged with the customer) - \$131.00
  - b. Non-Residential (first available business day arranged with the customer) - Contract Price (minimum \$131.00)
- 5. METER RELOCATIONS:**
- 5.1 Single Family Dwelling:** Inside to outside – No direct ATCO Gas charges if viewed as required by ATCO Gas. Customer may be responsible for permitting fees and site clean up. All other moves at Contract Price.
- 5.2 Other:** Contract Price
- 6. ALTERATIONS, RELOCATIONS AND REPLACEMENT:** Contract Price
- 7. DAMAGE OR PROBLEMS CAUSED BY CUSTOMERS:** Contract Price including estimated cost of lost gas
- 8. TEMPORARY SERVICE:** Contract Price
- 9. SPECIAL METER READ FEE:** \$119.00
- 10. METER DISPUTE FEE:**
- a. Residential - \$126.00
  - b. Non-Residential - Contract Price (minimum \$126.00)
  - c. Customer Usage Information Fee will apply as required.
- 11. DISHONOURED CHEQUES:** \$33.00
- 12. CUSTOMER USAGE INFORMATION:** Contract Price
- 13. PROVISION OF CUSTOMER INFORMATION TO THE COMPANY:** Contract Price
- 14. BILLING ERROR:** Contract Price
- 15. NON-STANDARD DELIVERY PRESSURES:** Applicable to equipment installed January 1, 2021 or later except where customers are deemed by the Company to provide a benefit to the distribution system
- a. Pressure Factor Meters - \$0.219/day on customer's monthly bill
  - b. Instruments - \$0.599/day on customer's monthly bill



Effective: January 1, 2023

Previously Effective: January 1, 2022

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Notes:

1. All charges are subject to GST except the "Dishonored Cheque" charge.
2. All charges must be paid by the due date provided by ATCO Gas. When accounts are not paid in full on or before the due date (within 15 business days of the statement date), the Company will apply a 1% penalty on the amount due. If the payment is not received by the next monthly billing cycle, a 1% penalty will be applied to the balance carried forward (including prior penalties).
3. The contract price charged to customers may be based on actual costs, or it may be based on an agreed upon price. In most cases, the customer will be required to provide written or electronic acceptance of a contract and pay the agreed upon price. Where pre-payment is based on an estimate, the Customer will be required to pay the actual cost upon completion of the work.



**PRODUCER TERMS AND CONDITIONS  
FOR  
GAS DISTRIBUTION SERVICE**

**AUC Decision: 27684-D01-2022**

**Effective: January 1, 2023**



Effective: January 1, 2023  
 Previously Effective: April 1, 2021

**TABLE OF CONTENTS**

**ARTICLE 1 – PREAMBLE ..... 6**

**ARTICLE 2 – DEFINITIONS ..... 6**

    2.1 Definitions..... 6

    2.2 Conflicts..... 12

    2.3 Headings ..... 12

    2.4 Schedules and Appendices ..... 13

**ARTICLE 3 – GENERAL PROVISIONS..... 13**

    3.1 AUC Approval..... 13

    3.2 Producer Tariff..... 13

    3.3 Effective Date ..... 13

    3.4 Application of Terms and Conditions ..... 13

    3.5 Producer Guide ..... 14

    3.6 Ownership of Gas Pipeline System ..... 14

    3.7 Fees and Other Charges..... 15

    3.8 Title or Interest in Gas ..... 15

    3.9 Exclusive Control of Gas..... 15

    3.10 Routing and Facilities..... 15

    3.11 Commingling or Exchange ..... 15

    3.12 Right to Transport..... 16

**ARTICLE 4 – ESTABLISHMENT OF SERVICE ..... 16**

    4.1 Application for Service Connection ..... 16

    4.2 Method of Application..... 16

        4.2.1 Form and Acceptance of Application ..... 16

        4.2.2 Application by Other Person ..... 17

    4.3 Payment for Service Connection ..... 17

    4.4 Establishment and Re-establishment of Credit or Deposits..... 17

        4.4.1 Establishment of Credit ..... 17

        4.4.2 Re-establishment of Credit ..... 17

        4.4.3 Amount of Security Deposits..... 18

        4.4.4 Refunds of Security Deposits..... 18

        4.4.5 Interest on Security Deposits ..... 18

        4.4.6 Use of Security Deposits..... 18

    4.5 Rejection of Application..... 19

    4.6 Producer Service Agreement..... 20



Effective: January 1, 2023  
 Previously Effective: April 1, 2021

4.7 Approvals..... 21

4.8 Information and Requirements for Service ..... 21

4.8.1 Producer Service Connections ..... 21

4.8.2 Producer Usage Information ..... 22

4.9 Application of Rate Schedules ..... 22

**ARTICLE 5 – SERVICE REQUIREMENTS AND FACILITIES ..... 23**

5.1 Producer Provided Facilities and Requirements ..... 24

5.1.1 Commitment to Maintain Systems ..... 24

5.1.2 Protection of the Company's Specific Facilities and Gas Pipeline Systems ..... 24

5.1.3 Compliance with Requirements and Use of Service Connection..... 24

5.1.4 Extensions..... 25

5.2 Forecast Volumes ..... 25

**ARTICLE 6 – RIGHTS OF WAY AND ACCESS TO GAS PIPELINES SYSTEM ..... 25**

6.1 Easements..... 25

6.2 Right of Entry..... 25

6.3 Vegetation Management..... 26

6.4 Interference with Company's Gas Pipeline System ..... 26

**ARTICLE 7 – SERVICE CONNECTION..... 26**

7.1 Receipts..... 26

7.2 Deliveries..... 27

7.3 Gas Must be of Merchantable Quality ..... 27

7.4 Notice on Change in Input Quality ..... 29

7.5 Company Responsibility and Liability ..... 29

7.5.1 Continuous Supply ..... 29

7.5.2 Interruption ..... 29

7.5.3 Reasonable Efforts..... 30

7.5.4 Company Liability ..... 30

7.5.5 Force Majeure ..... 31

7.5.6 Changes to Incoming Volumes or Transmission System..... 31

7.5.7 Release ..... 32

7.5.8 The Company Not Liable to Producer ..... 33

7.6 Producer Responsibility and Liability ..... 33

7.6.1 Producer Responsibility for Facilities..... 33

7.6.2 Producer Liability..... 33

7.6.3 Service Calls ..... 34

7.7 Interference with the Company's Property..... 34



Effective: January 1, 2023  
 Previously Effective: April 1, 2021

7.8 Unauthorized Use..... 34

7.9 Termination by Company ..... 34

7.10 Effluent ..... 35

7.11 Minimum and Maximum Receipt Pressures ..... 36

7.12 Lost Gas ..... 36

**ARTICLE 8 – METERS ..... 36**

8.1 General Requirements ..... 36

8.2 Installation and Maintenance of Meters ..... 36

8.3 Meter Test and Adjustments ..... 37

**ARTICLE 9 – PRUDENTIAL REQUIREMENTS ..... 38**

9.1 Setting of Prudential Requirements ..... 38

9.2 Maintaining Prudential Requirements..... 39

9.3 Confidentiality ..... 40

9.4 Costs ..... 40

9.5 Interest on Security Deposits ..... 40

9.6 Letter of Credit Default ..... 41

**ARTICLE 10 – ACCOUNT BALANCING ..... 41**

10.1 Producer Account..... 41

10.2 Exchange of Gas..... 42

10.3 Daily Producer Account Balance ..... 42

10.4 Producer Account Monitoring Rules ..... 43

10.5 Request for Additional Information ..... 45

**ARTICLE 11 – RENDERING AND PAYMENT OF BILLS..... 46**

11.1 Meter Reading and Estimates..... 46

11.2 Billing Charges to Producer ..... 46

11.3 Payment to the Company ..... 47

11.4 Late Payment Charge ..... 48

11.5 Late or Unpaid Bills ..... 48

11.6 Dishonored Payments Fee ..... 49

11.7 Billing Error ..... 49

**ARTICLE 12 – CHANGE IN SERVICE CONNECTION ..... 50**

12.1 Prior Notice by Producer..... 50

12.2 Changes to Company Facilities ..... 50

12.3 Relocation of Company Facilities ..... 50

**ARTICLE 13 – SERVICE DISCONNECTS, REINSTATEMENT AND REMOVAL ..... 51**

13.1 Disconnection ..... 51



Effective: January 1, 2023  
Previously Effective: April 1, 2021

---

13.1.1 Termination by Producer.....	51
13.1.1A Temporary Disconnection.....	51
13.1.1B Permanent Disconnection.....	52
13.1.2 Disconnection by the Company .....	52
13.2 Reinstatement Service .....	53
13.3 Removal of Facilities .....	53
<b>ARTICLE 14 – DEFAULT .....</b>	<b>53</b>
14.1 Events of Default.....	53
14.2 Rights Upon Default.....	54
14.3 Recourse to Security Upon Producer Default .....	54
14.4 Termination on Default.....	55
<b>ARTICLE 15 – MISCELLANEOUS MATTERS.....</b>	<b>55</b>
15.1 Transmission System Owner Requirements .....	55
15.2 Compliance with Applicable Legal Authorities.....	55
15.3 No Assignment.....	56
15.4 No Waiver.....	56
15.5 Invalidity of Contractual Provisions.....	56
15.6 Law .....	57



Effective: January 1, 2023  
Previously Effective: April 1, 2021

## ARTICLE 1 – PREAMBLE

In accordance with the provisions of the Gas Utilities Act (“GUA”) and the Regulations made there under (“Regulations”), ATCO Gas an operating division of ATCO Gas & Pipelines Ltd. (“ATCO Gas”) in its role as a pipe owner will provide Produce Service to Producers. These Terms and Conditions are intended to govern the relationship between ATCO Gas and Producers receiving Producer Service on the Company's Gas Pipeline System. They are part of ATCO Gas’ Producer Tariff and as such must be approved by the Commission. They apply to every Producer unless varied by an agreement approved by the Commission.

The service provided by ATCO Gas hereunder is regulated by the Alberta Utilities Commission (“AUC”) and parties having any inquiries or complaints regarding these Terms and Conditions may direct such inquiries or complaints directly to ATCO Gas or to the AUC. These Terms and Conditions have been approved by the AUC.

## ARTICLE 2 – DEFINITIONS

### 2.1 Definitions

The following words or phrases, whenever used in these Terms and Conditions, the Company’s Producer Rate Schedules or in an application, contract or agreement for service shall have the meanings set forth below:

*"Account"* means a record maintained by ATCO Gas which contains receipts, deliveries, Rider P, Imbalance Purchase and Imbalance Sale, and adjustments applicable to each Producer on the Gas Pipeline System;

*"Account Balancing"* means the process of managing Gas receipts and/or deliveries in an Account in order to keep the difference, net of adjustments, within the tolerance specified by the Imbalance Window;

*"Account on the Transmission System"* means the account held by the Company on NOVA Gas Transmission Ltd.;

*"Act"* means the *Gas Utilities Act – R.S.A. 2000 c.G-5*, as amended from time to time;

*"Agent"* means a person who performs functions on behalf of a Producer;



Effective: January 1, 2023  
Previously Effective: April 1, 2021

"*Agency Appointment Agreement*" means an agreement between a Producer and another party wherein the other party is appointed as Agent for that Producer;

"*AUC*" means the Alberta Utilities commission established under the *Alberta Utilities Act S.A 2007. C. A-37.2*, as amended from time to time;

"*Automated Meter Reading Device*" means a device attached to the meter used to collect meter readings from the meter. No customer information is collected through this device.

"*Backcast*" means an estimate of Producer measurement prepared for the current Gas Day as described in the Producer Guide;

"*Billing Commencement Date*" means the commencement date for assessing the tariffs and charges as set forth in these Terms and Conditions; provided however that the Billing Commencement Date will be adjusted by the Company if the Company is unable to commence Producer Service under the Producer Service Agreement on such date;

"*Business Day*" is any day other than Saturday, Sunday or a holiday as defined in the *Interpretation Act, R.S.A. 2000, c.1-8*; as amended from time to time;

"*Company*" means ATCO Gas, an operating division of ATCO Gas and Pipelines Ltd. or its successor;

"*Customer*" means a Producer or a person, firm, partnership, corporation, organization or association (including, without limitation, individual members of any unincorporated entity) who consumes Gas in end-use at its location and is connected to the Company Gas Pipeline System;

"*Credit Rating*" shall mean, with respect to a Producer on any date of determination, (1) the respective rating then assigned to its issuer rating or unsecured and senior, long-term indebtedness (not supported by third party credit enhancement) by S&P, DBRS or Moody's or (2) the issuer rating by S&P, DBRS or Moody's. In the event of a split rating the lower shall prevail;

"*Day*" means a period of twenty-four (24) consecutive hours;

"*DBRS*" Dominion Bond Rating Service, or its successor;



Effective: January 1, 2023  
Previously Effective: April 1, 2021

"*Effluent*" means any solid, liquid or gas, or combination of any of them, including, without limitation, salt, dust, smoke, particulate matter, debris, hazardous waste, chemicals, vapour, runoff, wastewater or sewage.

"*Energy*" means natural gas energy (expressed in joules or sub-multiples or multiples thereof);

"*Force Majeure*" means circumstances not reasonably within the control of the Company, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, pandemics, epidemics, landslides, lightning, earthquakes, fires, storms, floods, high water, washouts, inclement weather, orders or acts of civil or military authorities, civil disturbances, explosions, breakdown or accident to equipment, mechanical breakdowns, temporary failures of gas supply, the intervention of federal, provincial, state or local government or from any of their agencies or AUC, excluding decisions and/or orders made by the AUC in the normal course of it exercising its authority to establish the revenue requirement of the parties to this agreement, the order or direction of any court, and any other cause, whether of the kind herein enumerated or otherwise;

"*Gas*" means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons;

"*Gas Day*" means a Day beginning at eight hours (08:00), Mountain Standard Time;

"*Gas Distributor*" means the owner, operator, manager or lessee of a gas distribution system as defined in the *Act*;

"*Gas Pipeline System*" means all those facilities owned or used by Company in the receipt, delivery, transportation, measurement and testing of Gas, (including, without limitation, transmission and distribution lines, pressure control devices, meters, equipment and machinery);

"*GJ*" means gigajoules or one billion (1,000,000,000) joules;

"*Gross Heating Value*" means the number of megajoules obtained from the combustion



Effective: January 1, 2023  
Previously Effective: April 1, 2021

of a cubic metre of Gas at a temperature of fifteen degrees Celsius (15°C), with the Gas free of water vapour, and at a pressure of one hundred one and three hundred twenty five one-thousandths (101.325) kPa absolute and with the products of combustion cooled to the initial temperature of the Gas and the water formed by the combustion condensed to the liquid state;

*"Imbalance"* means the difference between energy quantities of Gas received and Gas delivered, net of adjustments, in an Account each Gas Day;

*"Imbalance Window"* means a range of Imbalances within which an Account is considered to be in balance without action being taken to adjust receipts into or deliveries from that Account;

*"Imbalance Purchase/Sale"* means the removal from, by Imbalance Purchase, or addition to, by Imbalance Sale the daily Account Imbalance energy quantity outside the nearest Account daily Imbalance Window boundary, as the case may be, in a Producer Account by ATCO Gas which will be settled financially;

*"Load"* means the amount of natural Gas injected or required to be injected at any specific point or points in the Gas Pipeline System;

*"LBDA"* means the Company's load balancing deferral account that is used to record certain revenues and expenses associated with load balancing the Gas Pipeline System, including without limitation balancing purchase/sales and Imbalance Purchase/Sales;

*"Minimum Receipt Pressure"* means the pressure specified in the Producer Service Agreement for a given location or as otherwise specified from time to time by the Company;

*"Maximum Daily Contract Demand"* means the maximum quantity of Gas in a Day that the Company will be obligated to receive at the Point of Receipt, as agreed between the parties to the Producer Service Agreement;

*"Maximum Receipt Pressure"* means the pressure specified in the Producer Service Agreement for a given location or as otherwise specified from time to time by the Company;



Effective: January 1, 2023  
Previously Effective: April 1, 2021

*"Month"* means a period beginning at eight hours (08:00), Mountain Standard Time, on the first day of a calendar month and ending at eight hours (08:00), Mountain Standard Time, on the first day of the next succeeding calendar month;

*"NGX"* means Natural Gas Exchange Inc., an exchange for the trading and clearing of natural gas and electricity contracts that operates in a North American Technology and Physical Clearing Alliance with Intercontinental Exchange, Inc.;

*"Nomination"* means a request in electronic or other written or verbal form for Gas to flow at a Point of Receipt, a Point of Delivery or for receipt into or delivery out of an Account at a specified quantity on a specified date(s);

*"Point of Delivery"* means, unless otherwise specified in a Producer Service Agreement, an interconnection with the Transmission System;

*"Point of Receipt"* means, unless otherwise specified in a Producer Service Agreement, the point on the Company's system at which the Gas first enters the Gas Pipeline System;

*"Producer"* means a person, firm, partnership, corporation or organization that is an owner of Gas requiring Producer Service for transporting Gas through the Company's Gas Pipeline System, pursuant to the Company's Rate Schedule;

*"Producer Contribution"* means the amount that the Producer must pay to the Company to install the Specific Facilities and/or Gas Pipeline Systems necessary to provide a Service Connection to the Producer;

*"Producer Information"* includes without limitation site customer name, site customer telephone number, site customer mailing address, site contact name, site contact phone number and other information, including safety related information, required to provide safe Produce Service to Producers;

*"Producer Guide"* means the guide prepared by the Company which describes the businesses processes and operational standards between the Company and the Producer in relation to the provision of service under these Terms and Conditions.

*"Producer Service"* means the service required to inject Gas onto the Company's Gas distribution system and, if requested by the Producer, deliver Gas to an interconnection



Effective: January 1, 2023  
Previously Effective: April 1, 2021

with the Transmission System.

*"Producer Service Agreement"* means an agreement for the provision of a Service Connection pursuant to these Terms and Conditions, made between the Company and a Producer, in the form attached as Schedule A;

*"Producer Tariff"* means the rates, tolls, or charges fixed by the AUC and the terms and conditions of service fixed by the Commission, for Producer Service;

*"Producer Usage Information"* means information regarding the Producer's historical Gas flow at the Producer's Point of Receipt;

*"Qualified Institution"* means a Schedule I Chartered Bank in Canada, a major U.S. commercial bank, or a foreign bank with a U.S. or Canadian branch office which is not the Producer (or a subsidiary or affiliate of the Producer) having assets of at least CAD 10 billion and with a Credit Rating of at least "A" by S&P (or an equivalent rating by a comparable credit rating service);

*"Rate Schedule"* means the gas producer rate schedule prepared by the Company and approved by the AUC, as amended from time to time;

*"Rider P"* means a rate rider, expressed as a percentage, approved by the AUC applicable to Producer Accounts for the recovery in kind of Unaccounted For Gas;

*"Same Day Market"* means the intra-Alberta natural gas market that is generally available during trading hours on a calendar Day for transactions applicable to the Gas Day commencing on the same calendar Day;

*"Service Connection"* means the Specific Facilities required to physically connect the Producer's facilities to the Company's Gas Pipeline System to permit the Producer to obtain Producer Service;

*"Site"* means a unique Point of Receipt, being the finest level at which settlement recognizes Producer assignments, and receives consumption data;

*"Site ID"* means a unique identification number assigned by the Company for each unique Point of Receipt;



Effective: January 1, 2023  
Previously Effective: April 1, 2021

"*Specific Facilities*" means those facilities installed by the Company for the benefit of a Producer and required to transport Gas;

"*Transmission Balance Zone*" means a range of Imbalances provided by NOVA Gas Transmission Ltd. within which the Company's Account on the Transmission System is considered to be in balance;

"*Transmission System*" means all those facilities owned or operated by ATCO Pipelines and NOVA Gas Transmission Ltd. in the receipt, delivery, transportation, measurement and testing of Gas (including, without limitation, transmission lines, regulators, meters, equipment and machinery);

"*Unaccounted For Gas*" means the Producer share of Company's unaccounted for Gas, as specified in rate Rider P of the Company's Rate Schedule;

"*Yesterday Market*" means the intra-Alberta natural gas market that is generally available during trading hours on a calendar Day for transactions applicable to the Gas Day commencing on the previous calendar Day.

## 2.2 Conflicts

- (a) If there is any conflict between a provision expressly set out in an order of the AUC and these Terms and Conditions, the order of the AUC shall govern.
- (b) If there is any conflict between a provision expressly set out in these Terms and Conditions, as may be amended from time to time, and a Producer Service Agreement, the express provision of these Terms and Conditions shall govern, as of their effective date.

## 2.3 Headings

The division of these Terms and Conditions into Articles, subsections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these Terms and Conditions.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

## 2.4 Schedules and Appendices

The following schedules and appendices form part of these Terms and Conditions:

- Schedule A – Sample Producer Service Agreement (attached to this document)
- Schedule B – Imbalance Purchase/Sale Charges
- Schedule of Non-Discretionary Charges (available at [atco.com](http://atco.com))

## ARTICLE 3 – GENERAL PROVISIONS

### 3.1 AUC Approval

These Terms and Conditions have been approved by the AUC. The Company may amend these Terms and Conditions by filing a notice of amendment with the AUC. Included in the notice of amendment to the AUC shall be notification of which Producer groups are affected by the amendment and an explanation of how affected Producers will be notified of the amendment. Any amendment to the Terms and Conditions will take effect sixty (60) days after such notice is filed, unless the AUC otherwise directs.

### 3.2 Producer Tariff

The Producer Tariff is available for public inspection during normal business hours at the business offices of the Company and at the offices of the AUC and can be accessed at the Company's website at [atco.com](http://atco.com). These Terms and Conditions form part of the Producer Tariff.

### 3.3 Effective Date

These Terms and Conditions come into force as per the Effective Date shown on the cover page. Whenever the Company files a notice of amendment to these Terms and Conditions, or when the AUC approves an amendment to these Terms and Conditions, revisions will be issued, with the effective date of the amendments indicated thereon.

### 3.4 Application of Terms and Conditions

- (a) These Terms and Conditions, as amended from time to time, apply to the Company and to every Producer to which the Company provides Producer



Effective: January 1, 2023  
Previously Effective: April 1, 2021

Service.

- (b) The application for Producer Service, the entering into a Producer Service Agreement, the use by the Producer of a Service Connection to obtain Producer Service or the payment by the Producer of an account rendered by the Company in relation to a Service Connection shall constitute acceptance by the Producer of these Terms and Conditions whether or not the Producer has signed an application or contract for service.
- (c) These Terms and Conditions also apply to any party appointed as Agent for a Producer pursuant to an executed Agency Appointment Agreement, as set out in the Producer Guide.
- (d) No agreement can provide for the waiver or alteration of any part of these Terms and Conditions unless such agreement is first filed with and approved by the AUC.

### 3.5 Producer Guide

The Company has developed the Producer Guide to help Producers understand the normal practices of the Company. The Producer Guide is available on the Company website at [atco.com](http://atco.com). The Producer Guide will be updated, from time to time, to reflect changes to the Gas utility industry, or the changing needs of Producers. The Company is committed to follow practices in the Producer Guide. However, as these practices cannot cover every situation that arises, it may be necessary to deviate from the Producer Guide in certain circumstances.

### 3.6 Ownership of Gas Pipeline System

- (a) The Producer is not the owner of any segments of the Gas Pipeline System or Specific Facilities necessary to provide a Service Connection, unless an agreement between the Company and Producer specifically provides otherwise.
- (b) Payment made by Producers for costs incurred by the Company in installing any segment of the Gas Pipeline System and Specific Facilities does not entitle Producers to ownership of any such segment of the Gas Pipeline System and Specific Facilities or any intellectual property, engineering, design, or other



Effective: January 1, 2023  
Previously Effective: April 1, 2021

information or data, or any other rights relating to or in respect to such facilities unless an agreement between the Company and the Producer specifically provides otherwise.

### **3.7 Fees and Other Charges**

The Company will provide all standard service hereunder pursuant to the Producer Tariff. All additional, supplementary or extra non-discretionary services provided by the Company to a Producer will be charged a separate rate or fee, such as those included, without limitation, in the Schedule of Non-Discretionary Charges. Payment for these services shall be in accordance with the provisions of these Terms and Conditions.

### **3.8 Title or Interest in Gas**

The Company shall not acquire any title or interest in the Gas being transported under the Producer Service Agreement.

### **3.9 Exclusive Control of Gas**

Gas delivered to the Company by Producers shall be under the exclusive control of the Company from the time such Gas is accepted at the Point of Receipt until delivered, notionally or physically, to a Retailer or at the Point of Delivery.

### **3.10 Routing and Facilities**

The Company does not dedicate the Gas Pipeline System or Specific Facilities to transport Gas for a Producer, and accordingly the routing and facilities used in the transportation of Gas through the Gas Pipeline System for Producers shall be at the Company's sole discretion and may change from time to time.

### **3.11 Commingling or Exchange**

The Company may in the course of transporting Gas through the Gas Pipeline System commingle with or exchange Gas owned by or transported for others, or remove certain hydrocarbon components present in the Gas. As commingling, exchanging, or the removal of certain hydrocarbon components may alter the Gross Heating Value or constituent parts of the Gas after receipt at the Point of Receipt, the Company shall not be required to deliver Gas with the same Gross Heating Value or containing the same



Effective: January 1, 2023  
Previously Effective: April 1, 2021

constituent parts as Gas delivered at the Point of Receipt and the Company shall make whatever compensating adjustments to volume and Gross Heating Value as may be warranted. In the event, and to the extent, that any hydrocarbon components in the Gas delivered at the Point of Receipt are absent from the Gas delivered as the result of commingling, exchanging or removal of such hydrocarbon components in the course of transporting the Gas, title to such hydrocarbon components shall, notwithstanding anything to the contrary otherwise contained in the Producer Service Agreement, be deemed conclusively to have passed to the Company.

### **3.12 Right to Transport**

Producer covenants with the Company that the Producer shall have the right to transport all Gas delivered under the Producer Service Agreement to the Company at the Point of Receipt.

## **ARTICLE 4 – ESTABLISHMENT OF SERVICE**

### **4.1 Application for Service Connection**

- (a) To enable the Company to provide the requested Producer Service, applicants for service shall supply information regarding the location of the premises to be served; the Producer's maximum production capacity and preferred service requirements; the manner in which the Service Connection will be utilized; credit information, prepayment; and, any other information that may be required by the Company.
- (b) Upon receipt of the required information, the Company will advise the applicant of the type and character of the Service Connection it will furnish to the Producer, and any special conditions that must be satisfied.

### **4.2 Method of Application**

#### *4.2.1 Form and Acceptance of Application*

Written acceptance specifying the Producer has agreed to these Terms and Conditions must be received by the Company before construction of the Service Connection will proceed.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

#### 4.2.2 *Application by Other Person*

A person acting as an Agent of a Producer may apply for a Service Connection on behalf of the Producer. The Agent must provide the Company, in a form acceptable to the Company, verifiable authorization from the Producer to make the application.

### 4.3 **Payment for Service Connection**

- (a) Producers applying for Service Connections may be required to prepay any applicable charge / estimate.
- (b) The Producer will be required, at the Company's sole discretion, to pay the complete cost based on actual costs upon completion of the work, including where prepayment was based on an estimate.
- (c) Producers owing money to the Company will be required to make full payment of all outstanding balances plus meet the conditions of (a) and (b) above.

### 4.4 **Establishment and Re-establishment of Credit or Deposits**

#### 4.4.1 *Establishment of Credit*

The Company, at its sole discretion and acting reasonably, reserves the right to request Producers to establish credit by way of a deposit or other acceptable method for any amounts in relation to services provided by the Company, including but not limited to the ongoing provision of Producer Service, the cost of the Producer's Service Connection, or Producer Contribution, under these Terms and Conditions.

#### 4.4.2 *Re-establishment of Credit*

(a) Producers with an Outstanding Balance

An applicant who has been a customer of the Company and who is indebted to the Company will be required to re-establish credit by paying all delinquent bills and depositing the amount prescribed herein.

(b) Delinquent Producer



Effective: January 1, 2023  
Previously Effective: April 1, 2021

A Producer whose Service Connection has been de-energized or disconnected for nonpayment of bills for service may be required, before service is restored, to establish credit by paying all delinquent bills, the reconnection fee and depositing the amount prescribed herein.

#### 4.4.3 *Amount of Security Deposits*

The amount to be deposited will be determined by the Company at the time of the service application or upon the Producer entering into any contractual arrangements with the Company.

#### 4.4.4 *Refunds of Security Deposits*

A security deposit is refunded or credited to the Producer's account with interest when:

- (1) the Producer's Service Connection is de-energized or disconnected, other than for default in payment of accounts, and the Producer has paid all amounts owing to the Company;
- (2) the Producer has satisfactorily established credit by paying all bills on or before the due date of the said bill, for twelve (12) consecutive months; or
- (3) the Producer has satisfied any other conditions stipulated in any contractual arrangements between the Producer and the Company.

#### 4.4.5 *Interest on Security Deposits*

Interest on each Producer's security deposit held by the Company will be calculated at the rate specified from time to time in *The Residential Tenancies Act S.A. 2004, C.R-17.1* or as otherwise stipulated in any contractual arrangements between the Producer and the Company. Interest will be credited to the Producer's account annually or when the deposit is refunded.

#### 4.4.6 *Use of Security Deposits*

If a Producer fails to pay an amount billed, the Company may apply all or any portion of a Producer's security deposit toward payment of the outstanding



Effective: January 1, 2023  
Previously Effective: April 1, 2021

amounts, any subsequent unpaid costs incurred by the Company, including interest and any late payment charges. When the Company has taken this step, the Producer may be required to pay to the Company the amount deducted from the Producer's security deposit. Upon termination of a Service Connection or any contractual arrangement between the Producer and the Company, the Company may apply all or any portion of a Producer's security deposit, including interest, toward payment of any amount due and owing by that Producer.

#### **4.5 Rejection of Application**

The Company may, without limitation, reject any applicant's request for a Service Connection:

- (a) when the Producer does not have currently in force all permits or other authorizations that may be required for the installation of the Service Connection as defined in section 4.7; or
- (b) when the Company determines that a previous account held by the Producer is in arrears with the Company; or
- (c) when the Producer fails to provide a payment as specified in Article 4.3; or
- (d) when the Company determines that the form of the Producer Service Agreement is not appropriate for the Service Connection due to its unique nature and the Producer refuses to enter into an alternate form of agreement acceptable to the Company; or
- (e) when any representation made by the applicant or the Producer to the Company for the purpose of obtaining a Service Connection is, in the Company's opinion, fraudulent, untruthful or misleading; or
- (f) when the Producer has not, when requested by the Company to do so, provided a signed written application for a Service Connection or a signed Producer Service Agreement; or
- (g) when the proposed service requirements, in the Company's opinion, have unusual characteristics that might adversely affect the quality of service supplied to other



Effective: January 1, 2023  
Previously Effective: April 1, 2021

customers, the public safety, or the safety of the Company's personnel or the Company's Gas Pipeline System or equipment; or

- (h) for any other reason rejection of the application is deemed necessary by the Company.

#### **4.6 Producer Service Agreement**

- (a) A Producer may be required by the Company to sign a Producer Service Agreement in respect of a Service Connection. The Producer Service Agreement shall be signed by the Producer and not by its Agent.
- (b) In the absence of a signed Producer Service Agreement, the supplying of a Service Connection by the Company and the acceptance thereof by the Producer shall be deemed to constitute an agreement by and between the Company and the Producer for delivery, receipt and payment for Producer Service under the Company's applicable Rate Schedules and Terms and Conditions.
- (c) If any provision of the Producer's Producer Service Agreement, or the application thereof, is to any extent held invalid or unenforceable, the remainder of its Producer Service Agreement and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.
- (d) A contract for service is not assignable by the Producer without the prior written consent of the Company, which consent shall not be unreasonably or arbitrarily withheld.
- (e) Producers will be required to pay a Producer Contribution if the revenue generated by existing rates from the applicable Rate Schedule(s) using the Producer's Maximum Daily Contract Demand is less than the cost to serve them over the contract term.
- (f) All services that are transferred, assigned, assumed or used by a person who purchases land upon which existing Producer facilities are located, or who takes



Effective: January 1, 2023  
Previously Effective: April 1, 2021

over the operation or use of Producer's facilities at an existing Point of Receipt, including, without limitation any affiliate or successor to the previous Producer and, if applicable, the owner of the property on which the Point of Receipt is located, shall be subject to the terms of the Producer Service Agreement(s) of the previous Producer(s), along with the billing and demand history. Any change(s) in service requirements as a result of such transfer shall be made in accordance with these Terms and Conditions. The new Producer may enter into new Producer Service Agreement(s). The Company may perform an investment contribution calculation to determine whether any adjustments are required to the Producer's Contribution, as specified in Article 4.6(e), to recognize the different levels of company investment which applies under any new Producer Service Agreement(s). The existing contractual arrangements will remain in place until any new agreements have been accepted by both parties. It is the sole responsibility of the party who is taking over the use or operation of an existing Point of Receipt to undertake thorough due diligence with respect to the existence of and all terms of any existing Producer Service Agreement(s) associated with the Point of Receipt.

#### **4.7 Approvals**

The Producer for a new, altered or relocated Service Connection shall be responsible for obtaining all permits, certificates, licenses, inspections, reports, and other authorizations necessary for the installation and operation of the Service Connection. The Company shall not be required to commence or continue installation or operation of a Service Connection unless and until the Producer has complied with the requirements of all permits, certificates, licenses, inspections, reports and other authorizations, and all right-of-way agreements, and all Company requirements applicable to the installation and operation of the Service Connection.

#### **4.8 Information and Requirements for Service**

##### *4.8.1 Producer Service Connections*

Upon request, the Company shall provide to the Producer, information on the method and manner of making Service Connections. Such information may include a description of the Service Connection available, the location of entrance



Effective: January 1, 2023  
Previously Effective: April 1, 2021

facilities and metering equipment, and Producer and Company responsibilities for installation of Specific Facilities.

#### 4.8.2 *Producer Usage Information*

- (a) The Company shall provide Producer Usage Information to a Producer upon request in relation to:
  - (1) the 12-month period preceding the date of the request, or
  - (2) for any shorter period for which the Company has collected that information for the requesting Producer.
- (b) An Agent or consultant, acting on behalf of a Producer, may request Producer Usage Information by obtaining and submitting to the Company the authorization from the Producer in a form as set out in the Producer Guide. These requests are subject to a fee as outlined in the Schedule of Non-Discretionary Charges.
- (c) The Producer shall submit requests for Producer Usage Information by referencing the Site ID. All such requests shall be in writing and may be delivered via electronic mail (e-mail) or by standard mail.
- (d) The Company will normally process requests within five (5) Business Days of receiving notification from the Producer. If the Company determines that it cannot process the request within five (5) Business Days, the Company shall notify the Producer of the approximate delivery date.
- (e) The information referred to in section (a) above will be provided by the Company at no cost for requests made once per year per individual account. The Company will assess a charge for additional Customer Usage Information requests or requests involving multiple Producer accounts as set forth in the Schedule of Non-Discretionary Charges.

#### 4.9 **Application of Rate Schedules**

- (a) The Company will make Producers aware of the Rate Schedule(s) under which the Company provides service to Producers. The Company shall not be required



Effective: January 1, 2023  
Previously Effective: April 1, 2021

to refund the difference in charges under different rates or Rate Schedules for any past period during which the Producer did not request service under an alternate rate or Rate Schedule that may have been available to such Producer.

- (b) Various riders and options are also applicable to the Producer Service as specified in the Rate Schedule approved from time to time by the AUC.
- (c) Producers may request a switch to a new rate or the Company may determine that the Producer's service requirements no longer meet the eligibility requirements of their current rate. Subject to the above provisions, where the Producer's service requirements change so that some other Rate Schedule(s), riders and options may apply to the service, the Company will advise the Producer of its eligibility for service under the alternate Rate Schedule, and the Company will change the Producer's billing accordingly.
- (d) In each circumstance, the Company may perform an investment contribution calculation to determine whether any adjustments are required to the Producer's Contribution, as specified in Article 4.6, to recognize the different levels of Company investment which apply to each Rate Schedule.
- (e) In addition to payments for Producer Service, the Producer is required to pay the Company the amount of any tax or assessment levied by any tax authority on Producer Service.
- (f) Should a dispute arise between the Company and a Producer with regards to the Producer's eligibility to switch rates, the Company will normally bring the dispute before the AUC for resolution. This does not preclude the Producer from bringing the same dispute before the AUC. Switching will not be allowed before the AUC renders a decision.

## **ARTICLE 5 – SERVICE REQUIREMENTS AND FACILITIES**

After the Producer has complied with the Company's application and payment requirements and has been accepted for Producer Service by the Company, has obtained all required permits and/or inspections indicating that the Producer's facilities comply with local construction, and safety standards or regulations, the Company shall schedule that Site for Service Connection.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

## 5.1 Producer Provided Facilities and Requirements

### 5.1.1 *Commitment to Maintain Systems*

The Company and the Producer mutually undertake to operate and maintain their respective pipeline systems and equipment safely and in such a manner as not to interfere with the system or equipment owned by the other party and, in particular, the Company and the Producer each undertake and agree to consult with the other before commencing construction or operation of any new equipment or facilities which the Company or the Producer reasonably expects may interfere with, or affect, the operation of the other party's pipeline system or equipment and to make modifications to the design or construction of any such equipment or facilities, as practically as may be requested, to minimize any such interference.

### 5.1.2 *Protection of the Company's Specific Facilities and Gas Pipeline Systems*

The Producer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, barriers, structure marking, lighting and foundations for the protection of the Specific Facilities and Gas Pipeline Systems to be installed upon the Producer's premises which may or may not include a dedicated meter room and an active telecommunications line and supply of electricity for measurement equipment. If the Producer refuses, the Company may at its option furnish and maintain, and charge the Producer for furnishing and maintaining, the necessary protection. Such space, housing, fencing, barriers, structure marking, lighting and foundations shall be in conformity with all applicable laws and regulations and shall be subject to the Company's specifications and approval.

### 5.1.3 *Compliance with Requirements and Use of Service Connection*

The Producer will ensure that its facilities comply with the applicable requirements and with any technical guidelines that may be issued from time to time by the Company or the applicable authority having jurisdiction.



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Previously Effective: April 1, 2021

#### 5.1.4 Extensions

A Producer shall not, without the prior written consent of the Company, sell or otherwise permit any other person to use such Producer Service nor shall a Producer extend or permit the extension of facilities connected to the Company's distribution system beyond property owned or occupied by that Producer for any Point of Receipt.

#### 5.2 Forecast Volumes

The Producer agrees to provide the Company, for planning purposes, such forecasts of future volumes per month to be injected onto the Gas Pipeline System as the Company may reasonably request from time to time.

### ARTICLE 6 – RIGHTS OF WAY AND ACCESS TO GAS PIPELINES SYSTEM

#### 6.1 Easements

In consideration of the Company providing Producer Service to the Producer, the Producer grants to the Company, without cost to the Company, such easements or rights-of-way over, upon or under the property owned by the Producer as the Company reasonably requires for the construction, installation, maintenance, repair, and operation of the Gas Pipeline System required for a Service Connection to the Producer and extensions thereof, and all other obligations required to be performed by the Company hereunder. Easements or rights-of-way granted to the company are registered interests in property and the Company's rights will be described herein.

#### 6.2 Right of Entry

The Company's employees, agents and other representatives shall have the right to enter a Producer's property at all reasonable times for the purpose of installing, maintaining, replacing, testing, monitoring, reading, de-energizing, or removing the Company's Gas Pipeline System and for any other purpose incidental to the provision of a Service Connection. The Producer shall not prevent, hinder, or charge a fee for allowing the Company's entry, including the use of roads on the Producer's property, or any adjacent or nearby property or crown land over which the Producer has the right to grant access



Effective: January 1, 2023  
Previously Effective: April 1, 2021

for the purposes listed in this section. In the event that any of the Company's Gas Pipeline System is situated within a Producer's premises, the Company may require that Producer to provide to it a key for the purpose of gaining access to such Gas Pipeline System. The Company will endeavor to provide reasonable notice to the Producer when the Company requires entry to the Producer's property for planned maintenance or repairs to the Company's facilities. The Company may charge a fee as set forth in the Schedule of Non-Discretionary Charges any time the Company's entry is considered by the Company's employees, agents or other representatives as unsafe or is otherwise prevented, hindered or refused.

### **6.3 Vegetation Management**

The Producer shall permit the Company to manage vegetation on the property owned or controlled by the Producer to maintain proper clearances, reduce the risk of contact with, and allow access to the Company's Gas Pipeline System. The Company shall make reasonable efforts to notify the Producer before such work is performed.

Producers are responsible for following Company setback requirements when planting new vegetation such as trees and shrubs. Producers shall be responsible for future vegetation management costs where Company setback requirements have not been met.

### **6.4 Interference with Company's Gas Pipeline System**

The Producer shall not install or allow to be installed on property owned or controlled by the Producer any temporary or permanent structures or vegetation that could interfere with the proper and safe operation of the Company's Gas Pipeline System or result in non-compliance with applicable statutes, regulations, standards and codes. The Company shall not be liable for any damage to any structure or improvement erected, installed or placed in contravention of these Terms and Conditions resulting from the maintenance of such gas line or service line.

## **ARTICLE 7 – SERVICE CONNECTION**

### **7.1 Receipts**

Subject to the other provisions of this Article, the Company agrees to receive from the



Effective: January 1, 2023  
Previously Effective: April 1, 2021

Producer at the Point of Receipt the quantity of Gas which the Producer injects onto the Gas Pipeline System up to the Maximum Daily Contract Demand. However, the Company will not be required to accept at the Point of Receipt a quantity of Gas in any hour greater than 110% of 1/24th of the Maximum Daily Contract Demand, unless otherwise specified in writing by the Company.

## 7.2 Deliveries

If the Producer elects to deliver a quantity of Gas to the Transmission System, the Company agrees to tender for transportation to the Producer and the Producer will receive at the Point of Delivery, a volume of Gas containing the equivalent number of GJs as are contained in the volume of Gas tendered by the Producer at the Point of Receipt less the Producer's share of the Company's Unaccounted-For-Gas.

## 7.3 Gas Must be of Merchantable Quality

All Gas tendered for Producer Service must be of merchantable quality and, without restricting the generality of the foregoing:

- (a) Must not contain sand, dust, gums, crude oil, impurities and other substances which may be injurious to pipelines or which may interfere with its transmission through pipelines or its commercial utilization;
- (b) Must not have a hydrocarbon dew point in excess of minus ten degrees Celsius (-10°C) at operating pressures;
- (c) Must not contain more than sixty-five milligrams per cubic metre (65 mg/m<sup>3</sup>) of water vapour;
- (d) Must not contain more than two percent (2%) by volume of carbon dioxide;
- (e) Must be as free of oxygen as can be achieved through the exercise of all reasonable precautions and must not, in any event, contain more than four-tenths percent (0.4%) by volume of oxygen;
- (f) Must not contain more than one and six-tenths percent (1.6%) by volume of nitrogen;



Effective: January 1, 2023  
Previously Effective: April 1, 2021

- (g) Must not contain more than four percent (4%) by volume of total inert gases (including carbon dioxide, nitrogen, oxygen, and other gases considered chemically inert);
- (h) Must not contain more than one percent (1%) by volume of hydrogen at an absolute pressure of not exceeding seven hundred (700) kPa;
- (i) Must not contain more than seven milligrams per cubic metre (7 mg/m<sup>3</sup>) of hydrogen sulphide;
- (j) Must not contain more than six milligrams per cubic metre (6 mg/m<sup>3</sup>) of mercaptan sulphur;
- (k) Must not contain more than one hundred fifteen milligrams per cubic metre (115 mg/m<sup>3</sup>) of total sulphur;
- (l) Must not contain more than three milligrams per cubic metre (3 mg/m<sup>3</sup>) of ammonia;
- (m) Must not contain more than milligram per cubic metre (1 mg/m<sup>3</sup>) of siloxanes;
- (n) Must not contain more than ten milligrams per cubic metre (10 mg/m<sup>3</sup>) of fluorine;
- (o) Must not contain more than one milligram per cubic metre (1 mg/m<sup>3</sup>) of chlorine;
- (p) Must not contain more than eight-hundredths of a milligram per cubic metre (0.08 mg/m<sup>3</sup>) of mercury;
- (q) Must not contain more than nineteen-hundredths of a milligram per cubic metre (0.19 mg/m<sup>3</sup>) of arsenic;
- (r) Must not contain more than six-tenths of a milligram per cubic metre (0.6 mg/m<sup>3</sup>) of copper;
- (s) Must not exceed thirty degrees Celsius (30°C) in temperature;
- (t) Must have a Gross Heating Value of not less than thirty-six and five-tenths megajoules per cubic metre (36.5 MJ/m<sup>3</sup>). However, with the prior written consent



Effective: January 1, 2023  
Previously Effective: April 1, 2021

of the Company, Gas of a lower Gross Heating Value may be delivered; and,

- (u) Must have a Wobbe Number not less than forty-seven and sixty-five hundredths megajoules per cubic metre (47.65 5 MJ/m<sup>3</sup>).

If, in the Company's sole opinion, Gas received by the Company at the Point of Receipt fails to be of merchantable quality or fails to meet the Company's minimum quality specifications, the Company may, at any time, from time to time, immediately and/or without prior notice, cease to receive further deliveries of Gas at the Point of Receipt pending the remedying by the Producer of such failure to the satisfaction of the Company. The Company may install, at the Producer's expense, such Specific Facilities, including any Gas quality control, monitoring, and/or shutdown equipment deemed necessary, in the Company's sole opinion, to ensure Gas received by the Company at the Point of Receipt meets the quality specifications set forth in this Article.

#### **7.4 Notice on Change in Input Quality**

The Producer will notify the Company as soon as practicable in the event of any adverse change in Gas quality determinable by the Producer and which may be delivered into the Gas Pipeline System at the Point of Receipt.

#### **7.5 Company Responsibility and Liability**

##### *7.5.1 Continuous Supply*

The Company shall make all reasonable efforts to maintain continuity of Producer Service, but the Company cannot guarantee uninterrupted Producer Service.

##### *7.5.2 Interruption*

Without liability of any kind to the Company, the Company shall have the right to disconnect or otherwise curtail, interrupt or reduce service to Producers:

- (a) whenever the Company reasonably determines that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Company's facilities, or to permit the connection or disconnection of other



Effective: January 1, 2023  
Previously Effective: April 1, 2021

customers;

- (b) to maintain the safety and reliability of the Company's distribution system;
- (c) to restrict the flow of Gas at the Point of Receipt or the Point of Delivery to achieve a balance, to correct any imbalance, or in the event the Producer repeatedly exceeds the Maximum Daily Contract Demand without the Company's authorization; or,
- (c) due to any other reason related to dangerous or hazardous circumstances including emergencies, forced outages or Force Majeure.

#### 7.5.3 *Reasonable Efforts*

The Company shall use reasonable efforts to minimize any scheduled curtailment, interruption or reduction to the extent reasonably practicable under the circumstances, to provide the Producer with prior notification of any such curtailment, interruption or reduction to the extent reasonably practicable, and to resume the Producer's Service Connection as promptly as reasonably practicable.

#### 7.5.4 *Company Liability*

Notwithstanding anything to the contrary contained in these Terms and Conditions, the Company shall not be liable for any loss, injury, damage, expense, charge, cost or liability of any kind, whether of direct, indirect, special or consequential nature, (excepting only direct physical loss, injury or damage to a Producer or a Producer's property, resulting from the negligent acts or omissions of the Company, its employees or agents) arising out of or in any way connected with provision of service by the Company to its customers including any failure, defect, fluctuation, reduction or interruption in the provision of service by the Company to its customers. For the purpose of the foregoing and without otherwise restricting the generality thereof, "direct physical loss, injury or damage" shall not include loss of revenue, loss of profits, loss of earnings, loss of production, loss of contract, cost of purchased or replacement capacity and energy, cost of capital, and loss of use of any facilities or property, or any other similar damage or loss whatsoever.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

#### 7.5.5 *Force Majeure*

Should the Company be unable, because of an event of Force Majeure, to provide continuous Producer Service, the Company's responsibilities, so far as they are affected by the Force Majeure, shall be relieved and suspended during the duration of such circumstances and the Company shall not be liable for any failure to perform any term of these Terms and Conditions to the extent that and when such failure is due to, or is a consequence of, an event of Force Majeure. Where practical, the Company shall give notice to the affected Producers of such Force Majeure.

Producers shall not be relieved by Force Majeure as described in this Article 7.5.5 from the obligation to pay the charges set forth pursuant to this Article unless Force Majeure has been invoked by the Company.

#### 7.5.6 *Changes to Incoming Volumes or Transmission System*

- (a) Notwithstanding anything contained elsewhere in the Producer Service Agreement, if a Producer requests that the Company accept receipt of Gas or transport Gas to an interconnection with the Transmission System, the Producer recognizes and agrees the Company's ability to accept or deliver Gas may be dependent upon an exchange with volumes of Gas which would normally be delivered into the Gas Pipeline System.
- (b) The Producer further recognizes and agrees changes in such incoming volumes of Gas or changes in either the capacity of the interconnection with Transmission System or the capacity of the Gas Pipeline System may occur from time to time.
- (c) In the event the Company, is unable to continue to exchange volumes of Gas at the Point of Delivery with volumes of Gas which would normally be delivered into the Gas Pipeline System at the Point of Delivery or there are changes in incoming Gas volumes or capacity, this will constitute an event of Force Majeure and the Company will serve written notice to the Producer advising of its inability to continue to provide



Effective: January 1, 2023  
Previously Effective: April 1, 2021

Producer Service under the Producer Service Agreement by the exchange of volumes of Gas which would normally be delivered into the Gas Pipeline System.

- (d) The notice under Clause 7.5.6(c) will specify:
- (1) The Producer's proportionate share of the additional costs associated with the capital improvements required to maintain Producer Service at that Point of Delivery;
  - (2) The volume of Gas the Company is able to receive and transport to that Point of Delivery if no capital improvements are made; and
  - (3) The location of alternate Points of Delivery where the Company can continue Producer Service at the then current level.
- (e) In the event the Producer receives notice pursuant to Clause 7.5.6(c), the Producer will, within thirty (30) Days after the receipt of such notice, provide written notice to the Company indicating which of the options set out in such notice the Producer intends to exercise.
- (f) In the event none of the options provided by the Company are acceptable to the Producer, the Producer may terminate the Producer Service Agreement effective on the date such notice is received by the Producer. However, in the event the Producer chooses to terminate the Producer Service Agreement, the Producer will be required to pay the actual cost of removal (less estimated salvage value), the present value of the capital recovery stream(s) associated with the existing facilities being removed

#### 7.5.7 Release

Subject to Section 7.5.4, none of the Company, its directors, officers, agents, employees and representatives, ("Company Parties"), will be liable to the Producer, its directors, officers, Agents, employees and representatives ("Producer Parties") for any damages, costs, expenses, injuries, losses, or liabilities suffered or incurred by the Producer Parties or any of them, howsoever



Effective: January 1, 2023  
Previously Effective: April 1, 2021

and whensoever caused, and each Producer Party hereby forever releases each of the Company Parties from any liability or obligation in respect thereof.

#### *7.5.8 The Company Not Liable to Producer*

For greater certainty and without limitation to the foregoing in Sections 7.5.4 and 7.5.7, the Company Parties (as defined above) shall not be liable to a Producer for any damages of any kind (except to the extent the Company is liable for such damages in accordance with Section 7.5.4) caused by or arising from any of the Company Party's conduct in compliance with or in breach of, or as permitted by, these Terms and Conditions, Producer Service Agreement or other agreement with the Producer.

### **7.6 Producer Responsibility and Liability**

#### *7.6.1 Producer Responsibility for Facilities*

The Producer shall be responsible for the installation and condition of all facilities on the Producer's side of the Point of Receipt, except Specific Facilities owned by the Company. The Producer shall be responsible for any destruction of or damage to the Company's Specific Facilities located on the Producer's premises where the destruction or damage is caused by a negligent act or omission or willful misconduct of the Producer or anyone permitted by the Producer to be on the premises.

#### *7.6.2 Producer Liability*

The Producer shall be solely responsible for and comply with the regulations regarding the installation, condition and maintenance of all piping, equipment, and apparatus on the Producer's side of the Point of Receipt, and the Producer shall indemnify and save harmless the Company from and against any claim or demand for injury to persons or damage to property arising out of or in any way connected with piping, equipment and apparatus on the Producer's side of the Point of Receipt, so long as such injury or damage is not caused by the negligence of the Company.



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Previously Effective: April 1, 2021

### 7.6.3 Service Calls

The Company may require a Producer to pay the actual costs of a service call if the source of the problem is the Producer's own facilities.

## 7.7 Interference with the Company's Property

No one other than an employee or authorized agent of the Company shall be permitted to remove, energize, operate, or maintain meters, equipment and other facilities owned by the Company without Company permission. The Producer shall not interfere with or alter the meter, seals, or other facilities or permit the same to be done by any person other than the authorized agents or employees of the Company.

## 7.8 Unauthorized Use

Where the Company determines that there has been unauthorized use of the Service Connection including, but not limited to, meter or equipment tampering, unauthorized connection or reinstatement, theft, or fraud whereby the Company is denied full compensation for Producer Services provided, the Company will bill the Producer for the Company's estimate of Energy and delivery charges for such unauthorized use and require Producer prepayment for any repairs, damages and reconstruction of Company facilities. Nothing in this section shall limit any other rights or remedies that the Company may have in connection with such unauthorized use.

## 7.9 Termination by Company

(a) If a Producer violates any of these Terms and Conditions, or tampers with any of the Company's Gas Pipeline System or permits its service piping, or equipment connected thereto to become, in the opinion of the Company, hazardous, or neglects to pay the charges for Producer Service due to the Company at any of the times fixed for the payment thereof, or refuses to provide entry, or violates the provision of any contract or Rate Schedule applicable, or increases to flows at the Producer's Point of Receipt without the permission of the Company, or makes fraudulent use of the Company's Producer Service, the Company, or anyone acting under its authority, may, without prejudice to any other right or remedy which it may have against the Producer, on giving forty-eight (48) hours' notice to the



Effective: January 1, 2023  
Previously Effective: April 1, 2021

Producer, disconnect the Producer Service from its system. Notwithstanding the foregoing, if, in the opinion of the Company, the condition of the Producer's piping or equipment attached thereto is so hazardous as not to safely permit the giving of notice, no notice shall be required. The Producer shall, notwithstanding the discontinuance of Producer Service, be liable for and pay to the Company all charges for Producer Service supplied up to the time of such discontinuance

- (b) When a contract for service is terminated by a Producer and a new application for service has not been received by the Company, the Company shall discontinue the Producer Service to the premises.
- (c) If the piping or equipment described in (a) above is found to be hazardous or non-compliant, the Company, at its discretion, may choose to disconnect or shut off only that portion or piece of equipment which is in violation, in order to maintain Producer Service to the remaining Producer facilities. The Company will report these incidences to the authority having jurisdiction as per the Regulations made under the Act.

#### **7.10 Effluent**

The Producer agrees that if any part of the Producer's process or operations produces or emits effluent that may cause contamination to or otherwise affect the operation of the Company facilities used to provide Producer Service (including without limitation, the Company's facilities installed or interconnected to serve the Producer facilities) (the "Contamination"), the Producer shall immediately disclose this information to the Company personnel as soon as the potential for or actual Contamination, as the case may be, is known. Notwithstanding any other provision of the Terms and Conditions, the Producer shall indemnify the Company from any damage, injury, loss, costs and claims ("Costs") suffered or incurred by the Company, its agents or employees which are in any way incurred as a result of or connected with any effluent produced or emitted by the Producer's process or operations. Such Costs shall include, without limitation, all reasonable expenses incurred in cleaning up Contamination, upgrading the Company's Gas Pipeline System to prevent any future occurrence of any similar contamination and/or to mitigate excessive costs of ongoing maintenance or, where a Gas Pipeline System upgrade is not feasible, the costs of continued maintenance of the Company facilities



Effective: January 1, 2023  
Previously Effective: April 1, 2021

resulting from Contamination.

#### **7.11 Minimum and Maximum Receipt Pressures**

- (1) The Minimum Receipt Pressure and Maximum Receipt Pressure of the Gas at the Point of Receipt will be as specified by the Company for that location.
- (2) The Company, at its sole discretion, may grant relief from the Minimum Pressure or Maximum Receipt Pressure and such relief will continue until the Company provides written notice.
- (3) Subject to Clause 7.11(2), the Producer will deliver the Gas, or cause the Gas to be delivered, to the Company at the Point of Receipt at such pressures as the Company may require from time to time.

#### **7.12 Lost Gas**

The Company will not be responsible for Gas lost by pipeline rupture, explosion, fire or other similar calamity, but will maintain and provide to the Producer a record of the Producer's proportionate share of any such loss and cooperate with all reasonable requests of the Producer's insurers or their agents during the course of an investigation of any claim arising from any such loss.

### **ARTICLE 8 – METERS**

#### **8.1 General Requirements**

The Producer shall authorize the Company to connect, verify, maintain and exchange automated meter reading and/or monitoring equipment for the purpose of transmitting and collecting meter reading information. The Producer shall permit the Company to perform meter reading using automated monitoring equipment. The Company shall comply with the regulations of the authority having jurisdiction with regard to measurement equipment and devices.

#### **8.2 Installation and Maintenance of Meters**

The Company shall provide, install and maintain all necessary regulators and meters



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necessary for measuring the Gas flow at the Producer's Point of Receipt. Unless impractical, meters shall be installed on the outside of the premises, and in any case the location shall be subject to the approval of the Company so as to permit safe and convenient access, such approval not to be unreasonably withheld.

### 8.3 Meter Test and Adjustments

- (a) The Company may inspect and test a meter at any reasonable time.
- (b) At the request of Measurement Canada or an accredited agency as may, from time to time, be designated for this purpose, the Company shall arrange for a meter to be removed and tested by an official designated for that purpose. The Company will direct Producers wishing to dispute the meter to Measurement Canada.
- (c) If a test determines that the meter is not accurate within the limits set by government standards, the Producer's bill will be adjusted accordingly. Where it is impossible to determine when the error commenced, it shall be deemed to have commenced three (3) months before the test or the date of the meter installation, whichever occurred later. The Company shall not be liable to the Producer for any additional costs that are associated with such metering or meter reading errors.
- (d) The Company reserves the right to assess a charge to the Producer at the time of a meter test as set forth in the Schedule of Non-Discretionary Charges. This charge is reimbursed in circumstances when the meter tested is found to be faulty.
- (e) If any facilities of a Producer connected to the Gas Pipeline System prevents or impedes the meter from accurately recording the total amount of Energy supplied, the Company may forthwith de-energize or disconnect the Producer's Service Connection, or disconnect such appliance from the Gas Pipeline System and shall, in either case, estimate the amount of Energy injected onto the Gas Pipeline System and not registered, as accurately as it is able to do so, together with any costs incurred by the Company in disconnecting such Gas Distribution Service, or appliance, and repair of any damage to the Company's Gas Pipeline System as the case may be. The Producer's bill will be adjusted accordingly for the estimated amount of Energy, delivery charges, and all other related costs.



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## ARTICLE 9 – PRUDENTIAL REQUIREMENTS

### 9.1 Setting of Prudential Requirements

- (a) The Producer must fulfill the requirements as set forth in this Article to the satisfaction of the Company before the Company will provide Producer Service to that Producer.
- (b) Subject to review and reassessment of the prudential requirements of a Producer by the Company from time to time, a Producer shall meet and maintain such financial and other prudential requirements as set out in this Article to ensure that the Producer is and remains of sufficient financial standing to meet its ongoing financial obligations.
- (c) The Company will confirm the Credit Rating of the Producer, affiliate or person which guarantees the financial obligation of the Producer.

If a Producer has obtained more than one Credit Rating, the lowest Credit Rating will be used in the assessment.

- (d) The Company may require the Producer to provide, and at all times maintain, security in the form a cash deposit, an irrevocable letter of credit from a Qualified Institution or an irrevocable guarantee in favour of the Company issued by a financial institution acceptable to the Company in an amount equal to the sum of the maximum amount payable by the Producer under the Producer Service Agreement for ninety (90) Days of Producer Service plus the installation cost of Specific Facilities. Notwithstanding the definitions under these Terms and Conditions, the relationship between the Producer and the Company is a relationship of creditor and debtor, respectively. Where the Producer provides security in the form of a cash deposit, all right, title, and interest is transferred absolutely; will vest in the Company free and clear of any liens, claims, charges and encumbrances; and no security interest will be created in the cash. An irrevocable guarantee may only be provided from a person acceptable to the Company, other than the Producer, with a qualifying Credit Rating.



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## 9.2 Maintaining Prudential Requirements

- (a) If a Producer's actual outstanding charges under the Company's Rate Schedule and these Terms and Conditions are materially greater than the value projected by the Producer Service Agreement, the Company will update the projection and, if additional security is required based on the updated projection, require the Producer to provide additional security within five (5) Business Days of the Company's request.
- (b) The Company requires Producers to report any downgrading of the Producer's Credit Rating to the Company within two (2) Business Days of said Credit Rating revisions, and must provide any additional security required as a result of the downgrading within five (5) Business Days of the downgrading.
- (c) If a Producer fails to pay any amount billed, subject to Article 11.5 of these Terms and Conditions, the Producer hereby grants to the Company and the Company also is entitled to a right to "Set-off" any amounts payable by the Producer with respect to any obligations of the Producer to the Company, or when the Producer has provided security in the form of an irrevocable letter of credit or irrevocable guarantee. The Company will apply all or any portion of that Producer's security deposit to the unpaid amount. The Producer will then be required to replenish the security deposit within five (5) Business Days.
- (d) If the Producer fails to maintain its prudential requirements in accordance with Article 9 the Company reserves the right to discontinue Producer Service to the Producer. The Company will provide the Producer notice of discontinuance three (3) Business Days before the Company discontinues Producer Service to the Producer.
- (e) A Producer that is required to provide security in accordance with these Terms and Conditions must maintain that amount of security until all obligations of the Producer under the Company's Producer Tariff are satisfied. A Producer who provides security other than by means of a cash deposit held by the Company, must either ensure that its security has no expiry date and cannot be terminated, or must at all times ensure that its security is automatically extended from year to year, for successive periods of a minimum of one year from any expiration date thereof, unless the Company is



Effective: January 1, 2023  
Previously Effective: April 1, 2021

notified in writing by prepaid registered mail not less than 30 days prior to any expiration date that the security will not be renewed for any such additional period ("Notice of Non-Renewal"). A Producer who provides security other than by means of a cash deposit held by the Company, must ensure that its security is executable from an intermediary bank branch or office with a drawing location in Calgary, Alberta.

- (f) Upon receipt of a Notice of Non-Renewal, the Company shall provide notice of same in writing to the Producer advising that the Producer's failure to provide the Company with alternate security meeting the requirements set out in this Article within 3 Business days after the date of the notice shall be in breach of the Producer's obligation and an event of default under Article 14.1(d) of these Terms and Conditions. If after 3 Business Days the Company is not in receipt of such alternate security, the full amount of the Producer's security determined in accordance with Article 9.1 of these Terms and Conditions shall become due and payable to the Company and the Company shall be entitled to make demand or claim against the Producer's security in accordance with Article 14.3.
- (g) In the event of a default by a Producer, the Company is entitled to recover as part of the Producer Tariff any costs not covered by a claim against the Producer's security.

### **9.3 Confidentiality**

All information provided by the Producer in relation to its financial standing and designated by the Producer as confidential will be treated as such under the Confidentiality Agreement between the Producer and the Company. The terms and conditions of the Confidentiality Agreement are set out in the Producer Guide.

### **9.4 Costs**

All costs associated with obtaining financial security and meeting prudential requirements under this Article are the responsibility of the Producer.

### **9.5 Interest on Security Deposits**

Interest on each Producer's cash security deposit held by the Company will be calculated



Effective: January 1, 2023  
Previously Effective: April 1, 2021

at the rate specified from time to time in the *Residential Tenancies Act, S.A. 2004, C.R-17.1*. Interest will be paid to the Producer annually.

## 9.6 Letter of Credit Default

Letter of Credit Default shall mean, with respect to an outstanding letter of credit, the occurrence of any of the following events:

- (1) The issuer of the letter of credit ceases to be a Qualified Institution;
- (2) The issuer of the Letter of Credit fails to comply with or perform its obligations under such letter of credit and such failure continues after the lapse of any applicable grace period;
- (3) The issuer of such letter of credit disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of such letter of credit;
- (4) The letter of credit expires, terminates, or ceases to be in full force and effect at any time; or
- (5) Any party related to the issuance of such letter of credit or credit support provider is dissolved, becomes insolvent or is unable to pay its debts, or fails or admits in writing its inability generally to pay its debts as they become due, makes a general assignment, arrangement or composition with or for the benefit of its creditors, files a petition for itself or a petition is filed by a 3rd party under the *Bankruptcy and Insolvency Act* of Canada, the *Companies' Creditors Arrangement Act*, or similar acts of other forbearing jurisdictions

## ARTICLE 10 – ACCOUNT BALANCING

### 10.1 Producer Account

- (a) The Producer will be provided an Account for balancing the Gas volumes injected by the Producer into the Gas Pipeline System.
- (b) The Producer Account shall be accumulated and recorded by the Company each Day and, without limitation, shall include such items as Gas sale Nominations,



Effective: January 1, 2023  
Previously Effective: April 1, 2021

Producer receipts, Imbalance quantity, opening Imbalance quantity, previous Month(s) true-up quantity(ies), Producer's share of Company's Unaccounted For Gas and/or other adjustment quantity(ies) deemed appropriate as determined by the Company from time to time.

- (c) Each Day the Company shall provide measurement data for the Producer's receipts.
- (d) The Producer shall provide in kind Unaccounted for Gas as required in the Producer Rate Schedule at the rate specified in Rider P.
- (e) The Producer shall be required to hold one Account for the Producer's Points of Receipt.

## 10.2 Exchange of Gas

If the Producer wants to make its Gas supply available in an Account on the Transmission System, the Company will make that Gas available in the Producer's Account by means of an exchange with that Account on the Transmission System and the Company's Account on the Transmission System, subject to the procedures described in the Producer Guide.

## 10.3 Daily Producer Account Balance

- (1) For each Gas Day, the energy quantity of the Producer Account Imbalance Window shall be calculated by multiplying the daily measurement by the  $\pm$ Imbalance Window percentage specified on Schedule B and rounded to the nearest GJ, provided that the resultant is not less than the minimum energy Imbalance Window specified.
- (2) The Producer shall at all times endeavor to maintain its daily Account Imbalance energy within the quantity specified by the daily Imbalance Window.
- (3) For each Gas Day, in the event the absolute value of the Producer Account daily Imbalance energy is greater than the absolute value of the quantity specified by the daily Imbalance Window, the difference quantity shall be settled by Imbalance Purchase/Sale at the price specified on Schedule B.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

- (4) The net quantity and dollars resulting from the Imbalance Purchase and Imbalance Sales transactions in (3), if any, will be invoiced to Producer once per Month. The Producer shall pay to the Company, on or before the 15th Business Day following the Business Day on which the Producer was invoiced, the amount invoiced by the Company for the preceding period.

#### 10.4 Producer Account Monitoring Rules

The Company shall perform monitoring of the Producer's Account according to the following:

- (a) Step 1
- i. If there is no evidence of a Nomination in the Producer's Account by 10:00 a.m. local time of the current Gas Day (Gas Day 1), which has not been pre-authorized by the Company, the Company will attempt to contact the Producer for an explanation. If the Producer indicates in writing (by email) that it intends to balance the Account within the Account Balancing timeline specified in the Producer Guide, then the Company will take no further action at Step 1. For the purposes of this clause, "balance the Account" means the Producer sold sufficient gas for Gas Day 1 such that the resulting Account Imbalance on Gas Day 1 was within the Imbalance Window and no Imbalance Purchase/Sale was triggered.
  - ii. If at (a)(i) above:
    1. the Company, with reasonable effort by telephone and email, is unable to contact the Producer by the time of the release of the measurement for Gas Day 1, or
    2. the Producer has indicated an inability to make Nominations to its Account for Gas Day 1, or
    3. there continues to be no evidence of a Nomination in the Producer's Account by the time of the release of the measurement for Gas Day 1,

then the Company will transact on the Same Day Market based on the



Effective: January 1, 2023  
Previously Effective: April 1, 2021

measurement for Gas Day 1. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Producer's Account, and charged to the LBDA. The Producer's Account will be closed for the remainder of Gas Day 1 and the rules related to Imbalance Purchase/Sale as stipulated in these Terms and Conditions will be in effect for the Producer's Account on Gas Day 1.

(b) Step 2

- i. If there is no evidence of a Nomination in the Account by 10:00 a.m. local time of the Gas Day following Gas Day 1 (i.e. Gas Day 2), which has not been pre-authorized by the Company, the Company will attempt to contact the Producer for an explanation. This rule will also apply to those Producers who made a commitment to balance their Account in Step 1, but did not fulfill that commitment, even if a Nomination was made for Gas Day 1. The Producer will be required to nominate gas sales equal to the measurement for Gas Day 2 prior to the end of the Gas Day.
- ii. If at (b)(i) above
  1. the Company, with reasonable effort by telephone and email, is unable to contact the Producer by the end of the Gas Day for Gas Day 2, or
  2. the Producer has indicated an inability to make the Nominations to its Account for Gas Day 2, or
  3. the gas sales in the Producer's Account does not equal the measured energy by the end of the Gas Day for Gas Day 2,

then the Company will transact on the Same Day Market based on the measurement for Gas Day 2. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Producer's Account, and charged to the LBDA. The Producer's Account will be closed for the remainder of Gas Day 2 and the rules related to Imbalance Purchase/Sale as stipulated in these Terms and Conditions will be in effect for the Producer's Account on Gas Day 2.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

(c) Step 3

If there is no evidence of a Nomination in the Producer's Account by 10:00 a.m. local time of subsequent Gas Days, which has not been pre-authorized by the Company, the Company will transact on the Same Day Market based on the measurement for each Gas Day. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Producer's Account, and charged to the LBDA. The rules related to Imbalance Purchase/Sale as stipulated in these Terms and Conditions will be in effect for the Producer's Account.

(d) Step 4

After thirty (30) days, the Company may terminate Producer Service to the Producer and provide electronic notice to the Producer that its Account is permanently closed. The Company will continue to apply the rules related to Imbalance Purchase/Sale to the Producer's Account as a result of adjustments related to settlement or other matters which occur after the Producer's Account has been permanently closed.

(e) Step 5

In the event of non-payment on the part of the Producer, and without limiting the Company's rights or remedies at law or in equity, the Company shall have the right to recover any charges to a Producer by claiming against the Producer's or Agent's performance bond (as stipulated in Article 9 of these Terms and Conditions) which exists to secure due performance by the Producer or Agent of its obligation under these Terms and Conditions.

(f) In the event that the Company is notified by the Producer in writing (by email) or in the event that the Company becomes aware that the Producer has declared itself or has been declared to be insolvent prior to the thirty (30) days of Account monitoring described in this section, the Company shall have the right to discontinue Producer Service with one (1) Business Days' notice.

## 10.5 Request for Additional Information

A Producer may request additional settlement information above the basic service



Effective: January 1, 2023  
Previously Effective: April 1, 2021

provisions specified in the Producer Guide or information previously provided by the Company if:

- (a) the Producer provides a written request to the Company outlining the purpose for the additional settlement information; and
- (b) the additional settlement information applies only to the Points of Receipt of the Producer.

Upon satisfaction of the above requirements, the Company will advise the Producer in a written proposal of the type of work, time of delivery and charges necessary to provide the additional settlement information to the Producer.

## **ARTICLE 11 – RENDERING AND PAYMENT OF BILLS**

### **11.1 Meter Reading and Estimates**

- (a) In the event that there is a discrepancy between the mounted meter index and a meter monitoring or automated meter reading device, the mounted meter index reading will be deemed to be correct unless a meter test proves otherwise.
- (b) The Company will assess a charge to the Producer for additional reads above the Company's standard practices. This charge is defined in the Schedule of Non-Discretionary Charges.
- (c) The Company shall keep an accurate record of all meter readings for the purpose of billing the Producer Service provided.
- (d) The Company may elect to change the meter reading schedule for a site and will provide advance notice of any changes.

### **11.2 Billing Charges to Producer**

- (a) Billing to the Producer will be based on meter readings made by the Company or on estimates for those billing periods when the meter is not read. The Company reserves the right to assess a charge to the Producer for additional reads above



Effective: January 1, 2023  
Previously Effective: April 1, 2021

the Company's standard practices as set forth in the Schedule of Non-Discretionary Charges.

- (b) For the purpose of determining the amount to be billed by the Company and paid by the Producer for the injection or transportation of Gas the unit to be used shall be one (1) GJ.
- (c) The Company will invoice the Producer each billing cycle for Producer Service provided by the Company for the period prior to the billing cycle; including the Imbalance Purchase/Sale amount, if any, as stipulated in Article 10.4(c) herein. The Company also reserves the right to perform off-cycle billings.
- (d) Failure to receive a bill shall not release the Producer from its obligation to pay the same.

### **11.3 Payment to the Company**

- (a) The payments for service provided to the Producer under the Rate Schedule and these Terms and Conditions shall commence on the first billing date after the earlier of the date upon which the Producer commences taking service or the Billing Commencement Date.
- (b) The Producer shall pay all amounts required to be paid under these Terms and Conditions upon receipt of a bill for such amounts. Bills shall be deemed rendered and other notices duly given when delivered to the Producer at the address provided by the Producer for service. Failure to receive such bill from the Producer will not entitle the Producer to any delay in the settlement of each account, or to any extension of the date after which a late payment charge becomes applicable. Any bill rendered to a Producer for which valid payment has not been received by the date indicated on the bill shall be considered past due. The Company reserves the right to assess a late payment charge as set forth in the Rate Schedule.
- (c) The Producer shall pay to the Company, on or before the 15<sup>th</sup> Business Day following the statement date, the amount invoiced by the Producer and payable not later than the day shown upon the bill as the "due date".



Effective: January 1, 2023  
Previously Effective: April 1, 2021

- (d) The Company will establish an electronic billing and payment procedure for the payment of services hereunder. Notwithstanding, the Company will accept payment by cash or certified cheque if agreed to by the Company. The Company may refuse to accept payment on a Producer's account when payment by cheque is drawn on a form other than a bank cheque form. In the event the Company accepts payment by cheque drawn on any other form, the Producer shall be liable for and pay to the Company all charges and costs incurred to process the cheque. The Company follows the Bank of Canada rules and regulations of currency acceptance limitations.

#### **11.4 Late Payment Charge**

Any amount owing for service and not paid by the due date shown on the bill shall be subject to a late payment charge in accordance with the Rate Schedule, all of which will be due and payable forthwith after the due date. If an outstanding balance remains on a go-forward basis, the Company will initiate collection action including, but not limited to, disconnecting service to the Producer.

#### **11.5 Late or Unpaid Bills**

- (a) If a Producer defaults or is late in paying charges, subject to (b)(4) below, the Company will provide the Producer notice as required below in (b)(1), and will be entitled to draw on the security of the Producer if the Producer's arrears are not paid within (3) three Business Days after the date of the notice. The Producer must provide an additional deposit to replace the funds drawn down because of the default or late payment as stipulated in Article 9.2 herein.
- (b) (1) If a Producer defaults in its payments the Company must provide the Producer with a notice in writing stating that the Producer is in default in its payments to the Company under the Company's Rate Schedule and these Terms and Conditions, and advising that the Company may make a claim against the Producer's security if the arrears are not paid within (3) three Business Days after the date of the notice.
- (2) If after the expiry of the period set out in (b)(1) the Producer's arrears remain



Effective: January 1, 2023  
Previously Effective: April 1, 2021

unpaid, the Company may make a claim against the Producer's security to cover the arrears. The Company may also discontinue or restrict Producer Service to the Producer with three (3) Business Days' notice if in its opinion not doing so could impair its ability to use the Producer's security for continuing arrears or amounts that have not been billed but are owed to ATCO Gas.

- (3) If the Producer has provided security in the form of a financial deposit, the Company may deduct from that deposit the amount of the unpaid arrears.
  - (4) If in the opinion of the Company the giving of notice in accordance with (b)(1) would impair the Company's ability to make a claim against a Producer's security or to deduct the unpaid arrears from a Producer's financial deposit, the Company may make the claim or deduct the unpaid arrears without notice.
- (c) The Company may, at its sole discretion and in addition to any other remedies available to it, terminate Producer Service to the Producer, if such Producer does not pay all outstanding bills in accordance with these Terms and Conditions.

#### **11.6 Dishonored Payments Fee**

The Company reserves the right to assess a service charge to the Producer in respect of any payment returned by the Producer's bank for any reason as defined in the Schedule of Non-Discretionary Charges.

#### **11.7 Billing Error**

Should the Producer dispute any amount owing, the Producer shall nonetheless pay such disputed amount and submit the dispute for resolution in accordance with these Terms and Conditions. Following resolution of any such dispute, the Company will return any amount found owing, without interest, to the Producer. The right or ability of either party to dispute a bill for service provided hereunder shall only apply to bills rendered during a period of two (2) years prior to the date of a written notice of such dispute. The Company may assess a charge to the Producer for reviewing billing disputes, in circumstances where the Company has not been responsible for any billing error as established in the Schedule of Non-Discretionary Charges.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

## ARTICLE 12 – CHANGE IN SERVICE CONNECTION

### 12.1 Prior Notice by Producer

- (a) A Producer shall give to the Company reasonable written notice prior to any change in Producer service requirements, including any change in Load, to enable the Company to determine whether or not it can provide such revised Producer Service without changes to its Gas Pipeline System. A person acting as Agent for a Producer, who provides the Company with verifiable authorization from the Producer, may give such notice to the Company on the Producer's behalf. If the Company receives such notice from an Agent, the Company may, at its option, require such notice directly from the Producer. The Company shall not be obligated to supply to any Producer any Load in excess of that originally agreed to by the Company.
- (b) The Producer shall not change its requirement for Producer Service without the Company's written permission. The Producer shall be responsible for all damage caused to the Company's Gas Pipeline System as the result of the Producer changing its requirements for Producer Service without the Company's permission.

### 12.2 Changes to Company Facilities

If a change in a Producer's service requirements would require changes to the Company's Gas Pipeline System, that Producer may be required to pay the Company's costs of such changes other than those costs which the Company would have borne upon accepting an application to serve an increased Load in the first instance. In any event, that Producer shall pay the Company's capital cost, less depreciation, of existing Specific Facilities which would be removed as a result of such Load change, together with the estimated cost of removing the same less the estimated salvage value, if any, thereof.

### 12.3 Relocation of Company Facilities

In any case in which the Company is requested to relocate any of its Gas Pipeline System, including service lines, regulators and meters, or to install a remote meter index or automated meter reading device, the person requesting such relocation or installation may be required to pay the costs set out in the Schedule of Non-Discretionary Charges for so



Effective: January 1, 2023  
Previously Effective: April 1, 2021

doing, and shall, if requested by the Company, pay the same in advance of the Company undertaking such relocation or installation. Any relocation shall be subject to the provisions of these Terms and Conditions. Any installation of a remote meter index or meter monitoring device shall be subject to these Terms and Conditions. The Company reserves the right, at its expense, to relocate regulators or meters for operating convenience.

## ARTICLE 13 – SERVICE DISCONNECTS, REINSTATEMENT AND REMOVAL

### 13.1 Disconnection

#### 13.1.1 Termination by Producer

Unless precluded by contract or industry rules from so doing, the Producer may, at any time, give to the Company five (5) Business Days' notice of termination of Producer Service. Upon receipt of such notice, the Company may read the meter attached to such Producer Service, and Producer shall pay for all Producer Service supplied prior to such reading. In the event that the Company is unable to read the meter upon receipt of Producer notice of termination, the charge for Producer service supplied shall be based on an estimated meter reading which will be prorated from the time of an actual meter reading.

#### 13.1.1A Temporary Disconnection

Upon the request of the Producer, the Company shall temporarily disconnect any Service Connection provided:

- (a) Upon the Producer request to restore service the Producer will be responsible for and pay any applicable charges outlined under Article 13.2.
- (b) If the Service Connection remains disconnected for greater than six (6) months, the facilities located downstream of the meter outlet are subject to retest as prescribed by the authority having jurisdiction.
- (c) After six (6) months of service disconnection, ATCO Gas reserves the right to remove the meter.
- (d) If the Service Connection remains disconnected for greater than twelve



Effective: January 1, 2023  
Previously Effective: April 1, 2021

(12) months, it will be considered permanently disconnected and administered as per Article 13.1.1B herein.

*13.1.1B Permanent Disconnection*

- (a) If the Producer requests the Service Connection to be permanently disconnected, the Producer billing for that service will be finalized. At the discretion of the Company, the Gas Pipeline System provided by the Company may be removed.
- (b) If within three (3) years of permanent disconnection the Producer requests the Service Connection be restored, the Producer must pay all the costs associated with the original disconnection, removal of the Gas Pipeline System and restoration of service.

*13.1.2 Disconnection by the Company*

- (a) The Company reserves the right to de-energize or disconnect Producer Service to the Site in a number of circumstances, including, but not limited to: failure to provide access at least once per year for meter reading; threats or harassment of employees or agents of the Company; non-payment of the Company bills or any past due charges by the Producer; evidence of safety violations, Energy theft, or fraud by the Producer; refusal of the Producer to allow change in facilities or equipment, or the Producer failing to meet its obligations under these Terms and Conditions or the Producer Service Agreement.
- (b) If the disconnect is a result of a safety violation, the Company will reinstate the service when the safety problem is resolved and when the Producer has prepaid all costs associated with repair, damage or restoration of service, and addressed prevention of such damage, interference or disturbance. The Company may assess a reinstatement charge as set forth in the Schedule of Non-Discretionary Charges.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

### 13.2 Reinstatement Service

This section applies when the Company is asked to reinstate or restore Producer Service to a Producer whose Producer Service was discontinued (whether or not at the request of the Producer or the Company).

Before reinstating or restoring service, the Producer must ensure facilities downstream of the meter conform to the requirements of the authority having jurisdiction and shall pay:

- (a) any amount owing to the Company including written off accounts;
- (b) any damages or replacement costs owed to the Company; and
- (c) a reinstatement charge as defined in the Schedule of Non-Discretionary Charges.

The Company reserve the right to assess a reinstatement charge for all attempts to reinstate service, pursuant to this Article.

### 13.3 Removal of Facilities

Upon termination of Producer Service, the Company shall be entitled to remove any of its Gas Pipeline System or Specific Facilities located upon the property of the Producer and to enter upon the Producer's property for that purpose. The Producer may be required to pay the actual cost of removal (less estimated salvage value), the present value of the capital recovery stream(s) associated with the existing facilities being removed, and, where applicable, any other outstanding amounts attributable to the Producer. Producer with a current Producer Service Agreement will be required to pay the present value of the capital recovery stream owing under the Producer Service Agreement.

## ARTICLE 14 – DEFAULT

### 14.1 Events of Default

An event of default under these Terms and Conditions and/or the Producer Service Agreement will occur if either the Company or the Producer ("Defaulting Party"):

- (a) is the subject of a bankruptcy, insolvency or similar proceeding;



Effective: January 1, 2023  
Previously Effective: April 1, 2021

- (b) makes an assignment for the benefit of its creditors;
- (c) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- (d) fails to pay the other party ("Non-Defaulting Party") when payment is due, or to satisfy any other material obligation under these Terms and Conditions or the Producer Service Agreement including, without limiting the generality of the foregoing, fulfilling the prudential requirements as set forth in Article 9, in accordance with these Terms and Conditions, and fails to remedy the failure or satisfy the obligation, as the case may be, within three (3) Business Days after receipt of written notice thereof from the Non-Defaulting Party;
- (e) fails to balance its Account in accordance with Article 10.

#### **14.2 Rights Upon Default**

In an event of default, the Non-Defaulting Party shall, subject to these Terms and Conditions and any applicable regulatory requirements, be entitled to pursue any and all available legal and equitable remedies and terminate the Producer Service Agreement. Where the Defaulting Party is the Company or the Producer and the Non-Defaulting Party elects to terminate, the Producer Service Agreement is terminated without any liability or responsibility whatsoever, except for obligations arising prior to the date of termination. The Non-Defaulting Party shall provide written notice to the Defaulting Party of its intention to terminate Producer Service hereunder.

#### **14.3 Recourse to Security Upon Producer Default**

In addition to any other rights and remedies set out herein, in an event of default by the Producer, the full amount of the Producer's security determined in accordance with Article 9.1 of these Terms and Conditions shall become due and payable to the Company and the Company shall be entitled to make demand or claim against the Producer's security for the full amount secured thereunder. All funds received by the Company in respect of such claim shall be retained by the Company and applied against the Producer's obligations hereunder until such time as all of the Producer's obligations have



Effective: January 1, 2023  
Previously Effective: April 1, 2021

been determined and satisfied. Any balance remaining after satisfaction of the Producer's obligations shall be returned to the issuing party of the security for the benefit of the Producer.

#### **14.4 Termination on Default**

If any one or more of the parties to the Producer Service Agreement fails to perform any of the covenants or obligations imposed upon it under and by virtue of the Distribution Access Service Agreement (the "Defaulting Party"), then in any such event, the other party or parties to the Producer Agreement (the "Non-Defaulting Party") may at its option terminate the Producer Service Agreement insofar and only insofar as the Producer Service Agreement pertains to the Defaulting Party by proceeding as follows:

- (a) The Non-Defaulting Party shall cause a notice in writing to be given to the Defaulting Party advising as to the nature of any default and declaring it to be the intention of the Non-Defaulting Party to terminate the Producer Service Agreement.

### **ARTICLE 15 – MISCELLANEOUS MATTERS**

#### **15.1 Transmission System Owner Requirements**

Producers acknowledge and agree that the Company is bound by all operating instructions, policies and procedures of Transmission System owners. Each Producer acknowledges and agrees that they will cooperate with the Company so that the Company will be in compliance with all such operating instructions, policies and procedures which include, but are not limited to, those operating instructions, policies and procedures pertaining to emergencies, and Producer supply reductions or full interruption by either manual or automatic means.

#### **15.2 Compliance with Applicable Legal Authorities**

The Company, Producers, and agents thereof, are subject to, and shall comply with, all existing or future applicable federal, provincial and local laws, all existing or future orders or other actions of governmental authorities having applicable jurisdiction. The Company will not violate, directly or indirectly, or become a party to a violation of any applicable federal, provincial or local statute, regulation, bylaw, rule or order in order to provide a



Effective: January 1, 2023  
Previously Effective: April 1, 2021

Service Connection or Producer Service. The Company's obligation to provide a Service Connection and Producer Service is subject to the condition that all requisite governmental and regulatory approvals for the provision of such services will have been obtained and will be maintained in force during such period of service.

### **15.3 No Assignment**

A Producer shall not assign any of their rights or obligations under these Terms and Conditions, a Producer Service Agreement, or any other agreement with the Company relating to Producer Service without obtaining (a) any and all necessary regulatory approval(s); and (b) the prior written consents of the non-assigning party, which consent shall not be unreasonably withheld. No assignment shall relieve the Producer of any of their obligations under these Terms and Conditions or any other agreement until such obligations have been assumed by the assignee. Any assignment in violation of this Section shall be void.

### **15.4 No Waiver**

The failure of the Company or Producer to insist in any one or more instances upon strict performance of any provisions of the Terms and Conditions, a Producer Service Agreement, or any other agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provision or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect. No term or condition of these Terms and Conditions or any other agreement shall be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the party claimed to have waived or consented to excuse.

### **15.5 Invalidity of Contractual Provisions**

If any provision of the Terms and Conditions, a Producer Service Agreement, or any other agreement with the Company is to any extent held invalid or unenforceable, the remainder of the Terms and Conditions or the agreement, as the case may be, and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

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## 15.6 Law

These Terms and Conditions and any other agreement with a Producer shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable in the Province of Alberta, without regard to principles of conflicts of law. Any lawsuit arising in connection with these Terms and Conditions and any other agreement shall be brought in the courts of the Province of Alberta.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

**SCHEDULE A – SAMPLE PRODUCER SERVICE AGREEMENT**

MEMORANDUM OF CONTRACT made the (day) of (month), (year)

BETWEEN: **(PRODUCER NAME)**  
(address)  
(hereinafter called the "Producer")

- and -

**ATCO Gas and Pipelines Ltd.**, a body corporate with its Head Office in the  
City of Edmonton in the Province of Alberta ("ATCO Gas" or "Company")

WHEREAS the Producer has requested the Company to provide the Producer with Service Connection at a location known as:

**(Location of Service Connection)**

1. The Producer and the Company agree as follows:

- i. Billing Commencement Date: \_\_\_\_\_
- ii. Applicable Rate Schedule(s): \_\_\_\_\_
- iii. Service Requested: \_\_\_\_\_
  - a) Maximum Daily Contract Demand (GJ/D)\*: \_\_\_\_\_
  - b) Maximum Receipt Pressure (kPa): \_\_\_\_\_
  - c) Minimum Receipt Pressure (kPa): \_\_\_\_\_
  - d) Contract Term: \_\_\_\_\_
- iv. Producer Contribution (includes applicable GST): \_\_\_\_\_
- v. Supplementary Charges: \_\_\_\_\_
- vi. Special Arrangements: \_\_\_\_\_

2. This Natural Gas Service Agreement is subject to the ATCO Gas' Producer Terms and Conditions for Gas Distribution Service ("Terms and Conditions"), as amended from time to time, which are approved by the Alberta Utilities Commission ("AUC"). Applicable Non-Discretionary Charges are payable in addition to the Producer Contribution.

3. The service provided hereunder is provided for the Producer's use only at the said location and the Producer shall not permit any other person to use such service.

\*As used for calculating the Contract Term, and billing (as per published Producer Rate schedule); as used for site specific physical receipt, please refer to Appendix 1 for a Forecast of Daily Contract Maximums by Month.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

4. The Producer shall give to the Company reasonable prior written notice of any change in service requirements, including any change in Load to enable the Company to determine whether or not it can supply such revised service without changes to its facilities.
5. The Producer acknowledges that it has reviewed and understands these Terms and Conditions and agrees to be bound by them in all transactions with ATCO Gas.
6. No person, whether an employee or agent of ATCO Gas or otherwise, can agree to change, alter, vary or waive any provision of the Terms and Conditions without the express approval of the AUC.
7. This Producer Service Agreement shall be effective on the Billing Commencement Date, and thereafter shall remain in effect until terminated by either party in accordance with Article 13 or 14, as applicable, of the Terms and Conditions.
8. This Producer Service Agreement is subject to all applicable legislation, including the *Gas Utilities Act* and the Regulations made there under, and all applicable orders, rulings, regulations and decisions of the AUC or any other regulatory authority having jurisdiction over the Company or the matters addressed herein.
9. This Producer Service Agreement shall enure to the benefit of and be binding and enforceable by the parties hereto and their respective executors, administrators, successors and, where permitted, assignees.
10. If any provision of this Producer Service Agreement, or the application thereof, is to any extent held invalid or unenforceable, the remainder of this Producer Service Agreement and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.
11. Contracts or notices required with respect to the Contract shall be directed as follows:  
ATCO Gas and Pipelines Ltd.  
10035 – 105 Street,  
Edmonton, Alberta, T5J 1C8

IN WITNESS WHEREOF the Parties have executed this Contract as of the day first above mentioned.

**[PRODUCER NAME]**

**ATCO Gas and Pipelines Ltd.**

Per:

Per:

Name:

Name:

Title:

Title:



Effective: January 1, 2023  
 Previously Effective: April 1, 2021

**Appendix 1**

**Forecast of Daily Contract Maximums**

The Producer and the Company forecast that the daily maximum contract volumes to be received at the point of receipt with the Company's gas distribution system are expected to vary in accordance with the following schedule due to seasonal capacity limitations arising from the Company's ability to physically distribute the gas received to its customers on any given day as follows:

January	_____
February	_____
March	_____
April	_____
May	_____
June	_____
July	_____
August	_____
September	_____
October	_____
November	_____
December	_____

1. The Company agrees to provide reasonable prior notice where possible of any material changes from the forecast set forth in this Appendix of its ability to receive and physically distribute to its customers the daily maximum contract volumes.
2. The Producer and the Company agree that either party can initiate an annual review of this agreement including updates to the Forecast of Daily Contract Maximums.
3. Nothing in this Appendix 1 is intended to affect the Company's rights under Article 7 of the Terms and Conditions regarding the relief from its obligation to receive gas due to capacity constraints which affect its ability to physically distribute gas to its customers.



Effective: January 1, 2023  
Previously Effective: April 1, 2021

IN WITNESS WHEREOF the Parties have executed this Contract as of the day first above mentioned.

[PRODUCER NAME]

**ATCO Gas and Pipelines Ltd.**

Per:

Per:

\_\_\_\_\_

\_\_\_\_\_

Name:

Name:

\_\_\_\_\_

\_\_\_\_\_

Title:

Title:

\_\_\_\_\_

\_\_\_\_\_



Effective: January 1, 2023  
Previously Effective: April 1, 2021

## SCHEDULE B – IMBALANCE PURCHASE/SALE CHARGES

### 1.0 Imbalance Window Percentage

The daily Imbalance Window percentage applicable to each Producer Account is  $\pm 5\%$ .

### 2.0 Minimum Energy Imbalance Window

Unless specified under Article 4.0 of this Schedule, the daily minimum energy Imbalance Window applicable to each Producer Account for each Day is:

- (a) When the daily Backcast is less than or equal to 5,000 GJ the daily minimum energy Imbalance Window quantity shall be  $\pm 500$  GJ;
- (b) When the daily Backcast is greater than 5,000 GJ the daily minimum energy Imbalance Window quantity shall be  $\pm 1,000$  GJ.

### 3.0 Imbalance Purchase/Sale Price

The Imbalance Purchase/Sale price applicable to each Producer Account is:

- (a) For Imbalance Purchase, the price used by the Company will be the lowest Same Day Market or Yesterday Market trade price that occurs on the ICE NGX for the Gas Day as reported by the ICE NGX as the "ICE NGX AB-NIT Same Day Index" and "ICE NGX AB-NIT Yesterday Index" obtained from the "ICE NGX Price Indices" webpage <https://www.theice.com/marketdata/reports/254>
- (b) For Imbalance Sale, the price used by the Company will be the highest Same Day Market or Yesterday Market trade price that occurs on the ICE NGX for the Gas Day as reported by the ICE NGX as the "ICE NGX AB-NIT Same Day Index" and "ICE NGX AB-NIT Yesterday Index" obtained from the "ICE NGX Price Indices" webpage <https://www.theice.com/marketdata/reports/254>



Effective: January 1, 2023  
Previously Effective: April 1, 2021

#### 4.0 Change to Imbalance Window Percentage and Minimum Energy Imbalance Window

In the event that the Transmission System changes the Transmission Balance Zone the Company will change the daily Imbalance Window percentage and the daily minimum energy Imbalance Window for Producer Accounts to the following:

<u>Transmission Balance Zone</u>		<u>ATCO Gas Imbalance Window</u>		<u>ATCO Gas Minimum Energy Imbalance Window</u>	
<u>-%</u>	<u>+</u>	<u>-%</u>	<u>+</u>	<b>5000 GJ or Less</b>	<b>Greater than 5000 GJ</b>
-4%	+4%	-5%	+5%	-500 GJ to +500 GJ	-1000 GJ to +1000 GJ
-3%	+4%	-3%	+5%	-300 GJ to +500 GJ	-600 GJ to +1000 GJ
-2%	+4%	-2%	+5%	-200 GJ to +500 GJ	-400 GJ to +1000 GJ
-1%	+4%	-1%	+5%	-100 GJ to +500 GJ	-200 GJ to +1000 GJ
0%	+4%	0%	+5%	0 GJ to +500 GJ	0 GJ to +1000 GJ
-4%	+3%	-5%	+3%	-500 GJ to +300 GJ	-1000 GJ to +600 GJ
-3%	+3%	-3%	+3%	-300 GJ to +300 GJ	-600 GJ to +600 GJ
-2%	+3%	-2%	+3%	-200 GJ to +300 GJ	-400 GJ to +600 GJ
-1%	+3%	-1%	+3%	-100 GJ to +300 GJ	-200 GJ to +600 GJ
0%	+3%	0%	+3%	0 GJ to +300 GJ	0 GJ to +600 GJ
-4%	+2%	-5%	+2%	-500 GJ to +200 GJ	-1000 GJ to +400 GJ
-3%	+2%	-3%	+2%	-300 GJ to +200 GJ	-600 GJ to +400 GJ
-2%	+2%	-2%	+2%	-200 GJ to +200 GJ	-400 GJ to +400 GJ
-1%	+2%	-1%	+2%	-100 GJ to +200 GJ	-200 GJ to +400 GJ
0%	+2%	0%	+2%	0 GJ to +200 GJ	0 GJ to +400 GJ
-4%	+1%	-5%	+1%	-500 GJ to +100 GJ	-1000 GJ to +200 GJ
-3%	+1%	-3%	+1%	-300 GJ to +100 GJ	-600 GJ to +200 GJ
-2%	+1%	-2%	+1%	-200 GJ to +100 GJ	-400 GJ to +200 GJ
-1%	+1%	-1%	+1%	-100 GJ to +100 GJ	-200 GJ to +200 GJ
0%	+1%	0%	+1%	0 GJ to +100 GJ	0 GJ to +200 GJ
-4%	0%	-5%	0%	-500 GJ to 0 GJ	-1000 GJ to 0 GJ
-3%	0%	-3%	0%	-300 GJ to 0 GJ	-600 GJ to 0 GJ
-2%	0%	-2%	0%	-200 GJ to 0 GJ	-400 GJ to 0 GJ
-1%	0%	-1%	0%	-100 GJ to 0 GJ	-200 GJ to 0 GJ
0%	0%	0%	0%	0 GJ to 0 GJ	0 GJ to 0 GJ

The change to the daily Imbalance Window percentage and daily minimum energy Imbalance Window for Producer Accounts will be in effect for the same gas days as the Transmission Balance Zone change.